





**AARTI SURFACTANTS LIMITED**

Our Company was incorporated as “Arti Surfactants Limited”, a public limited company under the provision of the Companies Act, 2013 vide certificate of incorporation dated June 18, 2018. Further, pursuant to National Company Law Tribunal order dated June 10, 2019 on scheme of arrangement pursuant to which the business of Home and Personal Care division of Aarti Industries Limited was demerged and transferred into our Company. In accordance with the said order the name of “Arti Surfactants Limited” has been changed to “Aarti Surfactants Limited” with effect from July 08, 2019. For further details of our Company, please see section titled as “General Information” beginning on page 50 of this Draft Letter of Offer.

**Registered Office:** - Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi-396 195, District Valsad, Gujarat, India.  
**Tel No:** +91 22 6797 6666 | **Email:** [investors@aarti-surfactants.com](mailto:investors@aarti-surfactants.com) | **Website:** [www.aarti-surfactants.com](http://www.aarti-surfactants.com)  
**Contact Person:** Priyanka Chaurasia, Company Secretary & Compliance Officer

OUR PROMOTERS: SHRI PARIMAL HASMUKHLAL DESAI AND SHRI CHANDRAKANT VALLABHAJI GOGRI			
FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF AARTI SURFACTANTS LIMITED (OUR “COMPANY” OR THE “ISSUER”) ONLY			
<p><b>ISSUE OF UPTO [●] PARTLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH (“RIGHTS EQUITY SHARES”) OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [●] EACH PER RIGHTS EQUITY SHARE (THE “ISSUE PRICE”), AGGREGATING UPTO ₹4960.00@ LAKHS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] RIGHTS EQUITY SHARE(S) FOR EVERY [●] FULLY PAID-UP EQUITY SHARE(S) HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] (THE “ISSUE”). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS ₹ [●] WHICH IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE SEE THE SECTION TITLED “TERMS OF THE ISSUE” ON PAGE 183 OF THIS DRAFT LETTER OF OFFER.</b></p> <p>@ Assuming full subscription and receipt of Call Monies with respect to the Right Equity Shares.</p>			
Amount Payable per Right Equity Share	Face Value	Premium	Total
On Application	[●]	[●]	[●]
On One or more subsequent Call(s) as determined by our Board at its sole discretion, from time to time*	[●]	[●]	[●]
<b>Total</b>	[●]	[●]	[●]
* For further details on Payment Schedule, see “Terms of the Issue” on page 183 of this Draft Letter of Offer.			
WILFUL DEFAULTER OR A FRAUDULENT BORROWERS			
We hereby confirm that as on date of this Draft Letter of Offer, neither our Company, our Promoter nor our Directors are categorised as wilful defaulters or fraudulent borrowers by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.			
GENERAL RISKS			
Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing such investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and this Issue including the risks involved. The securities being offered in the Issue have not been recommended nor approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer. Specific attention of the investors is invited to “Risk Factors” beginning on page 24 of this Draft Letter of Offer before making an investment in this Issue.			
OUR COMPANY’S ABSOLUTE RESPONSIBILITY			
Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and this Issue, which is material in the context of this Issue, and that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.			
LISTING			
The existing Equity Shares of our Company are listed on BSE Limited (BSE) and the National Stock Exchange of India (NSE) and collectively, referred to as the <b>Stock Exchanges</b> . Our Company has received “In-Principle” approval from BSE and NSE for listing the Rights Equity Shares through their letters dated [●] and [●]. Our Company will also make applications to the Stock Exchanges to obtain their trading approvals for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, as amended. For the purposes of this Issue, the Designated Stock Exchange is BSE Limited.			
LEAD MANAGER TO THE ISSUE		REGISTRAR TO THE ISSUE	
 <p><b>FEDEX SECURITIES PRIVATE LIMITED</b> B 7, 3rd Floor, Jay Chambers, Dayaldas Road, Vile Parle (East), Mumbai - 400 057, Maharashtra, India <b>Tel No.:</b> +91 81049 85249 <b>Fax No.:</b> 022 2618 6966 <b>E-mail ID:</b> <a href="mailto:mb@fedsec.in">mb@fedsec.in</a> <b>Website:</b> <a href="http://www.fedsec.in">www.fedsec.in</a> <b>Investor Grievance E-Mail ID:</b> <a href="mailto:mb@fedsec.in">mb@fedsec.in</a> <b>Contact Person:</b> Radhika Maheshwari <b>SEBI Registration Number:</b> INM000010163</p>		 <p><b>LINK INTIME INDIA PRIVATE LIMITED</b> C101, 247 Park, LBS Road, Vikhroli West, Mumbai-400083, Maharashtra, India <b>Tel No.:</b> +91 810 811 4949 <b>E-mail:</b> <a href="mailto:aartisurfactants.rights@linkintime.co.in">aartisurfactants.rights@linkintime.co.in</a> <b>Website:</b> <a href="http://www.linkintime.co.in">www.linkintime.co.in</a> <b>Contact Person:</b> Sumeet Deshpande <b>SEBI Registration No.:</b> INR000004058</p>	
ISSUE PROGRAMME			
<b>ISSUE OPENS ON:</b>		[●]	
<b>LAST DATE OF ON MARKET RENUNCIATION*</b>		[●]	
<b>ISSUE CLOSES ON:</b>		[●]#	

\*Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee(s) on or prior to the Issue Closing Date.

# Our Board or the Rights Issue committee will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date) or such other time as may be permitted as per applicable law. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

## CONTENTS

<b>SECTION I - GENERAL .....</b>	<b>2</b>
DEFINITIONS AND ABBREVIATIONS .....	2
NOTICE TO OVERSEAS INVESTOR.....	12
FORWARD-LOOKING STATEMENTS .....	15
PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA.....	17
SUMMARY OF LETTER OF OFFER.....	20
<b>SECTION II – RISK FACTORS .....</b>	<b>24</b>
<b>SECTION III – INTRODUCTION.....</b>	<b>48</b>
THE ISSUE.....	48
GENERAL INFORMATION .....	50
CAPITAL STRUCTURE.....	55
OBJECTS OF THE ISSUE .....	58
STATEMENT OF SPECIAL TAX BENEFITS .....	63
<b>SECTION IV – ABOUT OUR COMPANY .....</b>	<b>70</b>
OUR INDUSTRY .....	70
OUR BUSINESS .....	78
OUR MANAGEMENT.....	88
OUR PROMOTER.....	100
DIVIDEND POLICY .....	102
<b>SECTION V – FINANCIAL INFORMATION .....</b>	<b>103</b>
RESTATED FINANCIAL STATEMENTS .....	103
STOCK MARKET DATA FOR EQUITY SHARES .....	161
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.....	164
<b>SECTION VI – LEGAL AND OTHER INFORMATION .....</b>	<b>172</b>
OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS.....	172
GOVERNMENT AND OTHER APPROVALS.....	176
OTHER REGULATORY AND STATUTORY APPROVALS.....	177
<b>SECTION VII - ISSUE INFORMATION.....</b>	<b>183</b>
TERMS OF THE ISSUE.....	183
RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES.....	217
<b>SECTION VIII – OTHER INFORMATION .....</b>	<b>219</b>
STATUTORY INFORMATION .....	219
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION .....	220
DECLARATION .....	221

**SECTION I - GENERAL  
DEFINITIONS AND ABBREVIATIONS**

*This Draft Letter of Offer uses certain definitions and abbreviations which, unless the context otherwise indicates or implies or unless otherwise specified, shall have the meaning as set forth below, which you should consider when reading the information contained herein. The following list of certain capitalised terms used in this Draft Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.*

*References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.*

*The words and expressions used in this Draft Letter of Offer but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, 2013, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in “**Summary of Letter of Offer**”, “**Statement of Special Tax Benefits**”, “**Restated Financial Statements**”, “**Legal and Other Information**” and “**Terms of the Issue**” beginning on pages 20, 63, 103, 172 and 183, respectively of this Draft Letter of Offer, shall have the meaning given to such terms in such sections.*

**CONVENTIONAL / GENERAL TERMS**

TERM	DESCRIPTION
“Aarti Surfactants Limited” / “ASL” / “We” / “us” / “our Company” / “the Issuer”	Unless the context otherwise indicates or implies refers to Aarti Surfactants Limited, a company incorporated as a Public Limited Company under the provisions of the Companies Act, 2013 with its registered office at 801, 801/23, GIDC Estate, Phase III, Vapi, Valsad - 396195, Gujrat, India.

**COMPANY RELATED TERMS**

TERM	DESCRIPTION
AOA / Articles / Articles of Association	The Articles of Association of Aarti Surfactants Limited, as amended from time to time.
Audit Committee	The committee of the Board of Directors constituted as our Company’s audit committee in accordance with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“ <b>SEBI Listing Regulations</b> ”) and Section 177 of the Companies Act, 2013. For details, please see the section titled “ <b>Our Management</b> ” on page 88 of this Draft Letter of Offer.
Audited Consolidated Financial results / Audited Financial results	The Audited Consolidated financial results for the quarter and half year ended September 30, 2022, prepared in accordance with the Ind AS 34 “Interim Financial Reporting” prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules and other accounting principles generally accepted in India, the Companies Act and SEBI Listing Regulations
Auditors / Statutory Auditors	The current statutory auditors of our Company, namely, Gokhale & Sathe, Chartered Accountants.
Board / Board of Directors / Our Board	The Board of Directors of our Company, and any duly constituted Committees thereof.
Chief Financial Officer/ CFO	The Chief Financial Officer of our Company, being Nitesh Medh.
Company Secretary and Compliance Officer	The Company Secretary and Compliance Officer of our Company, being Priyanka Chaurasia.
Corporate Office	The Corporate Office of our Company situated at Udyog Kshetra, 2 <sup>nd</sup> Floor, Mulund Goregaon Link Road, Mulund (West), Mumbai-400080, Maharashtra, India.
Director(s)	Director(s) on our Board, as may be appointed from time to time.

TERM	DESCRIPTION
Equity Shares/Shares	Equity Shares of our Company having face value of ₹ 10.00/- each, fully paid up, unless otherwise specified in the context thereof.
Equity Shareholders / Shareholders	Persons / entities holding Equity Shares of our Company.
Executive Directors	Executive directors of our Company.
Financial Information	Collectively, the Restated Consolidated Financial Statements along with the notes and accounting policies and Audited Financial Result, unless otherwise specified in context thereof.
Independent Director	Independent directors on our Board and eligible to be appointed as an Independent Director under the provisions of Companies Act and SEBI Listing Regulations. For details of the Independent Directors, please see the section titled “ <b>Our Management</b> ” on page 88 of this Draft Letter of Offer.
ISIN	International Securities Identification Number being INE09EO01013.
Key Management Personnel /KMP	Key management personnel of our Company in terms of Regulation 2(1) (bb) of the SEBI (ICDR) Regulations and Section 2(51) of the Companies Act, 2013. For details, please see the section titled “ <b>Our Management</b> ” on page 88 this Draft Letter of Offer.
Materiality Policy	Policy on determination of materiality of events adopted by our Company on July 13, 2020 in accordance with Regulation 30 of the SEBI Listing Regulations.
MoA / Memorandum / Memorandum of Association	The Memorandum of Association of our Company, as amended from time to time.
Nomination and Remuneration Committee	The reconstituted Nomination and Remuneration Committee of our Company in accordance with Regulation 19 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013. For details, please see the section titled “ <b>Our Management</b> ” on page 88 of this Draft Letter of Offer.
Non-Executive Independent Director	Non-Executive Independent Director of our Company, unless otherwise specified.
Non-executive Non-Independent Directors	Non-executive Non-Independent Director of our Company.
Promoter	Shri Parimal Hasmmukhlal Desai and Shri Chandrakant Vallabhaji Gogri.
Promoter Group	The persons and entities forming part of the promoter group of the Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations and which are disclosed by the Company to the Stock Exchanges from time to time
Registered Office	The Registered Office of our Company situated at Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi, Valsad, Gujrat- 396195, India.
Restated Financial Statements	The Restated Standalone & Consolidated Financial Information of our Company for the financial years ended March 31 of 2020, March 31, 2021 and March 31, 2022 respectively, which comprises of the statement of assets and liabilities, the statement of profit and loss, the statement of cash flow statement, including a summary of significant accounting policies and other explanatory information. For details, please see the section titled “ <b>Financial Information</b> ” on page 103 of this Draft Letter of Offer.
Rights Issue Committee	The committee of our Board constituted for purposes of the Issue and incidental matters thereof.
Roc / Registrar of Companies	RoC Bhavan, opposite Rupal Park Society, behind Ankur Bus Stop, Naranpura, Ahmedabad - 380013, Gujarat India.
Shareholders	Holders of the Equity Shares from time to time
Stakeholders	The committee of the Board of Directors constituted as our Company’s



TERM	DESCRIPTION
Relationship Committee	Stakeholders' Relationship Committee in accordance with Regulation 20 of the SEBI Listing Regulations. For details, please see the section titled " <b>Our Management</b> " on page 88 of this Draft Letter of Offer.

## ISSUE RELATED TERMS

TERM	DESCRIPTION
Abridged Letter of Offer / ALOF	Abridged Letter of Offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act, 2013.
Additional Rights Equity Shares	The Rights Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement.
Allotment / Allot / Allotted	Allotment of Rights Equity Shares pursuant to the Issue.
Allotment Account(s)	The account(s) opened with the Banker(s) to this Issue, into which the Application Money lying credit to the Escrow Account(s) and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act, 2013.
Allotment Account Bank(s)	Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being, [●].
Allotment Advice	The note or advice or intimation of Allotment, sent to each successful Investor who has been or is to be Allotted the Rights Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange.
Allotment Date	Date on which the Allotment is made pursuant to this Issue.
Allottee(s)	Person(s) who is Allotted Rights Equity Shares pursuant to Allotment.
Applicant(s) / Investors	Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to apply or make an application for the Rights Equity Shares pursuant to the Issue in terms of this Draft Letter of Offer.
Application	Application made through submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online / electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process to subscribe to the Rights Equity Shares at the Issue Price.
Application Form	Unless the context otherwise requires, an application form (including online application form available for submission of application using the R-WAP or through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Investor to make an application for the Allotment of Rights Equity Shares in the Issue.
Application Money	Aggregate amount payable in respect of the Right Equity Shares applied for in the Issue at the Issue Price, i.e., [●] for the Application.
Application Supported by Blocked Amount or ASBA	Application (whether physical or electronic) used by an ASBA Investor to make an application authorizing the SCSB to block the Application Money in a the ASBA Account maintained with the SCSB.
ASBA Account	Account maintained with the SCSB and specified in the Application Form or the plain paper Application by the Applicant for blocking the amount mentioned in the Application Form or the plain paper Application.
ASBA Bid	A Bid made by an ASBA Bidder including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations.
ASBA Circulars	Collectively, SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/ 2009/30/12 dated December 30, 2009, SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011 and the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, SEBI circular

TERM	DESCRIPTION
	bearing reference number SEBI/HO/CFD/SSEP/CIR/P/2022/66 dated May 19, 2022 and any other circular issued by SEBI in this regard and any subsequent circulars or notifications issued by SEBI in this regard.
Bankers to the Issue	Collectively, the Escrow Collection Bank, the Allotment Account Banks and the Refund Account Bank to the Issue.
Banker to the Issue Agreement	Agreement to be entered into by and among our Company, the Registrar to the Issue, the Lead Manager and the Bankers to the Issue for collection of the Application Money from Applicants/Investors, transfer of funds to the Allotment Account and where applicable, refunds of the amounts collected from Applicants/Investors, on the terms and conditions thereof.
Basis of Allotment	The basis on which the Rights Equity Shares will be allotted to successful Applicants in consultation with the Designated Stock Exchange under this Issue, as described in “ <i>Terms of the Issue</i> ” beginning on page 183 of this Draft Letter of Offer.
BSE	BSE Limited
Common Application Form / Composite Application Form / CAF	The application form used by Investors to make an application for Allotment under the Issue.
Controlling Branches / Controlling Branches of the SCSBs	Such branches of SCSBs which coordinate Bids under the Issue with the LMs, the Registrar and the Stock Exchanges, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a> .
Demographic Details	Details of Investors including the Investor’s address, name of the Investor’s father/ husband, investor status, occupation and bank account details, where applicable.
Designated SCSB Branches/ Designated Branch of the SCSB	Such branches of the SCSBs which shall collect the ASBA Forms submitted by ASBA Bidders, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised</a> , updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	BSE Limited
Depository(ies)	NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996.
Draft Letter of Offer/ DLOF	This draft letter of offer dated December 14, 2022 filed with Stock Exchanges, in accordance with the SEBI (ICDR) Regulations, for their observations and in-principal listing approval.
Eligible Equity Shareholder(s)	Holder(s) / Beneficial Owner of the Equity Shares of our Company as on the Record Date. Please note that the investors eligible to participate in the Issue excludes certain overseas shareholders. For further details, please see the sections titled “ <i>Notice to Overseas Investors</i> ” and “ <i>Restrictions on Foreign Ownership of Indian Securities</i> ” beginning on page 12 and 217 of this Draft Letter of Offer.
Escrow Account(s)	One or more no-lien and non-interest-bearing accounts with the Escrow Collection Bank(s) for the purposes of collecting the Application Money from resident investors – eligible equity shareholders as on record date making an Application through the ASBA facility.
Escrow Collection Bank / Allotment Account Bank(s)	Bank(s) which are clearing members and registered with SEBI as banker to an issue and with whom the Escrow Account will be opened, in this case being, Axis Bank Limited.
Fraudulent Borrower	Company or person, as the case may be, categorized as a fraudulent borrower by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on fraudulent borrower issued by RBI.

TERM	DESCRIPTION
IEPF	Investor Education and Protection Fund
Investor(s)	Eligible Equity Shareholder(s) of our Company on the Record Date, [●], and the Renouncee(s).
Issue/ Rights Issue	This issue of up to [●] Equity Shares for cash at a price ₹ [●] per Equity Share (including a security premium of ₹ [●] per Equity Share) not exceeding ₹ 4960.00 Lakhs <sup>#</sup> on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of [●] Rights Equity Share for every [●] fully paid-up Equity Shares held by the Eligible Equity Shareholders on the Record date that is on [●]. <i><sup>#</sup>Assuming full subscription</i>
Issue Agreement	Agreement dated December 12, 2022 entered into between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue.
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants can submit their Applications, in accordance with the SEBI ICDR Regulations.
Issue Material	Collectively, the Letter of Offer, the Abridged Letter of Offer, the Common Application Form and Rights Entitlement Letter.
Issue Price	₹ [●] per Rights Equity Share including a security premium of ₹ [●] per Equity Share
Issue Proceeds / Gross Proceeds	Gross proceeds of the Issue.
Issue Size	Amount aggregating up to ₹ 4960.00 Lakhs <sup>#</sup> <i><sup>#</sup>Assuming full subscription.</i>
Lead Manager	Fedex Securities Private Limited
Letter of Offer or LOF	The final letter of offer to be filed with the Stock Exchanges and SEBI.
Listing Agreement	The listing agreements entered into between our Company and the Stock Exchanges in terms of the SEBI Listing Regulations.
Multiple Application Forms	Multiple application forms submitted by an Eligible Equity Shareholder/ Renouncee in respect of the Rights Entitlement available in their demat account. However supplementary applications in relation to further Rights Equity Shares with/without using additional Rights Entitlement will not be treated as multiple application.
Net Proceeds	Issue Proceeds less the Issue related expenses. For further details, please see the section titled “ <i>Objects of the Issue</i> ” beginning on page 58 of this Draft Letter of Offer.
Non-ASBA Investor/ Non-ASBA Applicant	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process comprising Eligible Equity Shareholders holding Equity Shares in physical form or who intend to renounce their Rights Entitlement in part or full and Renouncees.
NRI(s)	An individual resident outside India who is a citizen of India or is an ‘Overseas Citizen of India’ cardholder within the meaning of section 7(A) of the Citizenship Act, 1955, and shall have the meaning ascribed to such term in the FEMA Regulations.
NSE	National Stock Exchange of India Limited.
Off Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off-market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws.
On Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges

TERM	DESCRIPTION
	through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchanges, from time to time, and other applicable laws, on or before [●].
Record Date	Designated date for the purpose of determining the Eligible Equity Shareholders eligible to apply for Equity Shares, being [●].
Refund Account Bank	The Banker to the Issue with whom the refund account will be opened, in this case being Axis Bank Limited.
“Registrar to the Issue” or “Registrar”	Link Intime India Private Limited.
Registrar Agreement	Agreement dated December 12, 2022 entered into among our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue.
Renouncee(s)	Any person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders.
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [●] in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date.
RE ISIN	ISIN for Rights Entitlement i.e, [●]
Rights Entitlement(s) / RE’s	<p>Number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, in this case being [●] Rights Equity Shares for every [●] Equity Shares held by an Eligible Equity Shareholder.</p> <p>The Rights Entitlements with a separate ISIN: [●] will be credited to your demat account before the date of opening of the Issue, against the equity shares held by the Equity Shareholders as on the record date.</p>
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders.
Rights Equity Shares	Equity Shares of our Company to be Allotted pursuant to the Issue
SCSB(s)	<p>The banks registered with SEBI, offering services (i) in relation to ASBA (other than through UPI mechanism), a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34</a> or <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a>, as applicable, or such other website as updated from time to time, and</p> <p>(ii) in relation to ASBA (through UPI mechanism), a list of which is available on the website of SEBI at <a href="https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40">https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40</a> or such other website as updated from time to time.</p>
Stock Exchanges	Stock exchanges where the Equity Shares are presently listed, being BSE Limited and NSE.
Transfer Date	The date on which the Application Money held in the Escrow Account and the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange.
Wilful Defaulter	Company or person, as the case may be, categorised as a wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013)

TERM	DESCRIPTION
	or consortium thereof, in accordance with the guidelines on wilful defaulters issued by RBI.
Working Day(s)	In terms of Regulation 2(1)(mmm) of SEBI ICDR Regulations, working day means all days on which commercial banks in Mumbai are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, the time period between the Issue Closing Date and the listing of Rights Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI.

## BUSINESS/ INDUSTRY RELATED TERMS

TERM	DESCRIPTION
IOS	Ionic Surfactants
FMCG	Fast-Moving Consumer Goods
R&D	Research and Development
AOS Liquid	Alpha-Olefin Sulfonates Liquid
CAPB	Cocamidopropyl Betaine
3-R	Reduce, Reuse and Recycle
CHEMEXCIL	Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council
ERC	Emergency Response Centre
EHS	Environment, Health, and Safety
D.G.	Diesel Generator
MoRD	Ministry of Rural Development of the Government of India
DAY-NRLM	Deendayal Antyodaya Yojana – National Rural Livelihood Mission
MSP	Minimum Support Payment
GMV	Gross Merchandise Value

## ABBREVIATIONS

TERM	DESCRIPTION
₹/ Rs./ Rupees/ INR	Indian Rupees
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
Arbitration Act	Arbitration and Conciliation Act, 1996
AS or Accounting Standards	Accounting standards issued by the ICAI
Aadhar	Aadhar Card
ASEAN	Association of Southeast Asian Nations
BSE	BSE Limited
CAGR	Compound Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Companies Act, 1956	Erstwhile Companies Act, 1956 along with the rules made thereunder.
Companies Act, 2013	Companies Act, 2013 along with the rules made thereunder.
COVID-19	A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020
CRAR	Capital adequacy ratio/Capital to risk assets ratio
CrPC	Code of Criminal Procedure, 1973
CIRP	Corporate Insolvency Resolution Process
Client Id	The client identification number maintained with one of the Depositories in



TERM	DESCRIPTION
	relation to the demat account
CSR	Corporate Social Responsibility
Depositories Act	Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996.
Depository Participant / DP	A depository participant as defined under the Depositories Act.
DP ID	Depository participant's identification
DIN	Director Identification Number
EBITDA	Profit/(loss) after tax for the year adjusted for income tax expense, finance costs, depreciation and amortisation expense, as presented in the statement of profit and loss
EGM	Extraordinary General Meeting
EPF Act	Employees' Provident Fund and Miscellaneous Provisions Act, 1952
EPS	Earnings per Equity Share
ESI Act	Employees' State Insurance Act, 1948
FCNR Account	Foreign currency non-resident account
FDI	Foreign Direct Investment
FDI Circular 2020	Consolidated FDI Policy dated October 28, 2020, issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, effective from October 15, 2020
FEMA	Foreign Exchange Management Act, 1999, together with rules and regulations thereunder
FEMA Regulations	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial Year, Fiscal Year or Fiscal	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.
FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
FVCI	Foreign venture capital investors as defined under and registered with SEBI pursuant to the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 registered with SEBI
GAAP	Generally accepted accounting principles
GDP	Gross domestic product
GNI	Gross National Income
GoI or Government	Government of India
GST	Goods and Service Tax
HUF	Hindu Undivided Family
IBC	Insolvency and Bankruptcy Code, 2016
ICAI	Institute of Chartered Accountants of India
ICSI	The Institute of Company Secretaries of India
ICT /IT	Information and communications technology
Income Tax Act/ IT Act	Income-tax Act, 1961
Ind AS	Indian accounting standards as specified under section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended
Indian GAAP	Generally Accepted Accounting Principles in India
IFRS	International Financial Reporting Standards
INR or ₹ or Rs.	Indian Rupee (₹) the official currency of the Republic of India.
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
ITAT	Income Tax Appellate Tribunal
MCA	Ministry of Corporate Affairs, GoI



TERM	DESCRIPTION
Mn/mn	Million
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of (Mutual Funds) Regulations, 1996
Net Asset Value per Equity Share or NAV per Equity Share	Net Worth/ Number of Equity shares subscribed and fully paid outstanding as at March 31, 2022; March 31, 2021; March 31, 2022; and the Audited Financial statement as on September 30, 2022.
Net Worth	Aggregate of Equity Share capital and other equity
NBFC	Non-banking financial companies
NRE Account	Non-resident external account
NRI	A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
NRO Account	Non-resident ordinary account
NSDL	National Securities Depository Limited
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent account number
PAT	Profit after tax
QP	Qualified purchaser as defined in the U.S. Investment Company Act
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
Regulation S	Regulation S under the U.S. Securities Act
RoC	Registrar of Companies, Ahmedabad
RTGS	Real time gross settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Rights Issue Circulars / SEBI Right Issue Circulars / SEBI Rights Issue Circular	SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, bearing reference number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020 and SEBI circular, bearing reference no. SEBI/HO/CFD/SSEP/CIR/P/2022/66 dated May 19, 2022.
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
STT	Securities transaction tax
State Government	The Government of a state in India
Supreme Court	Supreme Court of India
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
TAT	Turnaround time

TERM	DESCRIPTION
TD*S	Tax Deducted at Source
Trademarks Act	Trademarks Act, 1999, as amended
U.S.\$, USD or U.S. dollar	United States Dollar, the legal currency of the United States of America
U.S. Investment Company Act	Investment Company Act of 1940, as amended
U.S. Person	U.S. persons as defined in Regulation S under the U.S. Securities Act or acting for the account or benefit of U.S. persons (not relying on Rule 902(k)(1)(viii)(B) or Rule 902(k)(2)(i) of Regulation S)
U.S. QIB	Qualified institutional buyer as defined in Rule 144A under the U.S. Securities Act
USA, U.S. or United States	United States of America
U.S. SEC	U.S. Securities and Exchange Commission
U.S. Securities Act	U.S. Securities Act of 1933, as amended
VCF	Venture capital fund as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, 2012 as the case may be
w.e.f.	With effect from
Year/Calendar Year	Unless context otherwise requires, shall refer to the twelve-month period ending December 31

## NOTICE TO OVERSEAS INVESTOR

The distribution of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter (collectively referred to as “Issue Material”) and the issue of Rights Entitlement and Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Issue Material may come are required to inform themselves about and observe such restrictions. For more details, please see the section titled “*Restrictions on Foreign Ownership on Indian Securities*” beginning on page 217 of this Draft Letter of Offer.

The Issue Material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided an Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address to our Company, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Those overseas Shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent the Issue Material.

Investors can also access this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of our Company, the Registrar, the Lead Manager, the BSE Limited.

Our Company, the Lead Managers, and the Registrar will not be liable for non-dispatch of physical copies of Issue Materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form in the event the Issue Materials have been sent to the registered email addresses of such Eligible Equity Shareholders.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose. Accordingly, the Rights Entitlement and the Equity Shares may not be offered or sold, directly or indirectly, and the Issue Material or any offering materials or advertisements in connection with the Issue may not be distributed, whole or in part, in or into in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Issue Material will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Issue Material must be treated as sent for information only and should not be acted upon for subscription to Equity Shares and should not be copied or re-distributed. Accordingly, persons receiving a copy of the Issue Material should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the Issue Material to any person outside India where to do so, would or might contravene local securities laws or regulations, or would subject our Company or its affiliates or the Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If the Issue Material is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlements referred to in the Issue Material.

Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that he is authorized to acquire the rights and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. Our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company reserves the right to treat any Application form as invalid where they believe that Application form is incomplete or acceptance of such Application form may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such CAF. Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company’s affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer or the date of such information.

Our Company, in consultation with the Lead Manager, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted or dispatched from the United States (unless the Application Form is submitted by a U.S. QIB in the United States who is also a QP) or other jurisdictions where the offer and sale of the Equity Shares is not permitted under

laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) both a U.S. QIB and a QP, if in the United States or a U.S. Person or (b) outside the United States and is a non-U.S. Person and in each case such person is eligible to subscribe for the Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form.

Neither the receipt of the Offer Document nor any sale of Equity Shares hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer or the date of such information.

Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

The Issue Materials are supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose

**THE CONTENTS OF THIS DRAFT LETTER OF OFFER SHOULD NOT BE CONSTRUED AS LEGAL, TAX, BUSINESS, FINANCIAL OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE OFFER OF EQUITY SHARES OR RIGHTS ENTITLEMENTS. AS A RESULT, EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE OFFER OF THE EQUITY SHARES OR RIGHTS ENTITLEMENTS. IN ADDITION, NEITHER OUR COMPANY NOR THE LEAD MANAGER OR ITS AFFILIATES ARE MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE RIGHTS ENTITLEMENTS OR THE EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.**

#### **NO OFFER IN THE UNITED STATES**

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the United States securities act of 1933, as amended (the "US Securities Act"), or any U.S. State securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (the "United States" or "U.S."), except in a transaction exempt from the registration requirements of the securities act. The rights entitlements and the rights equity shares referred to in the Letter of Offer are being offered in India, but not in the United States. The offering to which this draft letter of offer relates is not, and under no circumstances is to be construed as, an offering of any rights equity shares or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said securities. Accordingly, this draft letter of offer should not be forwarded to or transmitted in or into the United States at any time.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States of America. Envelopes containing an application form should not be postmarked in the United States of America or otherwise dispatched from the United States of America or any other jurisdiction where it would be illegal to make an offer under this Draft Letter of Offer, no payments for subscribing for the Rights Equity Shares shall be made from US bank accounts and all persons subscribing for the Rights Equity Shares and wishing to hold such Equity Shares in registered form must provide an address for registration of the Equity Shares in India. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Letter of Offer, the Abridged Letter of Offer and Application form only to Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires Rights Entitlements or the Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that

- I. it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States of America
- II. does not have a registered address (and is not otherwise located) in the United States when the buy order is made, and;
- III. it is authorized to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable law, rules and regulations. Our Company, in consultation with the Lead Manager, reserves the right to treat as invalid any Application form which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States of America; (ii) does not include the relevant certification set out in the Application form headed “Overseas Shareholders” to the effect that the person accepting and/or renouncing the CAF does not have a registered address (and is not otherwise located) in the United States of America, and such person is complying with laws of the jurisdictions applicable to such person in connection with the Issue, among others; or (iii) where our Company believes that the CAF is incomplete or the acceptance of such CAF may infringe applicable legal or regulatory requirements; or
- IV. where a registered Indian address is not provided, and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such CAF. Rights Entitlement may not be transferred or sold to any person in the United States of America.

**THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.**

## FORWARD-LOOKING STATEMENTS

This Draft Letter of Offer contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “propose”, “project”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties, expectations and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

All statements contained in this Draft Letter of Offer that are not statements of historical facts constitute “*forward-looking statements*”. All statements regarding our expected financial condition and results of operations, business, objectives, strategies, plans, goals and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in this Draft Letter of Offer regarding matters that are not historical facts. These forward-looking statements and any other projections contained in this Draft Letter of Offer (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

- Impact of epidemics and pandemics with respect to recent example of COVID-19 on our business and operations;
- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
- Competition from existing and new entities may adversely affect our revenues and profitability;
- Political instability or changes in the Government(s) could adversely affect economic conditions in India and consequently our business may get affected to some extent.
- Our business and financial performance is particularly based on market demand and supply of our products;
- The performance of our business may be adversely affected by changes in, or regulatory policies of, the Indian National, State and Local Governments;
- Any downgrading of India’s debt rating by a domestic or international rating agency could have a negative impact on our business and investment returns;
- Changes in Government Policies and political situation in India may have an adverse impact on the business and operations of our Company;
- The occurrence of natural or man-made disasters could adversely affect our results of operations and financial condition.

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under “**Risk Factors**” and “**Our Business**” beginning on pages 24 and 78 respectively of this Draft Letter of Offer.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on our revenue could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. The forward-looking statements contained in this Draft Letter of Offer are based on the beliefs of management, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct.



Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Draft Letter of Offer or the respective dates indicated in this Draft Letter of Offer and neither our Company nor the Lead Managers undertake any obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward-looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

## PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

### CERTAIN CONVENTIONS

In this Draft Letter of Offer, unless the context otherwise indicates or implies, references to ‘Company’, the ‘Company’, ‘our Company’, the ‘Issuer’ ‘we’, ‘our’ or ‘us’ are to Aarti Surfactants Limited.

In this Draft Letter of Offer, references to the ‘U.S.’ or the ‘United States’ are to the United States of America and its territories and possessions. All references herein to “India” are to the Republic of India and its territories and possessions and the ‘Government’ or ‘GoI’ or the ‘Central Government’ or the ‘State Government’ are to the Government of India, central or state, as applicable.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. Our Company has presented certain numerical information in this Draft Letter of Offer in “crore”, “million” and “lakh” units. One crore represents 1,00,00,000. One lakh represents 1,00,000. One million is 10 lakhs.

Unless stated otherwise, all references to page numbers in this Draft Letter of Offer are to the page numbers of this Draft Letter of Offer.

### FINANCIAL DATA

Unless stated otherwise and unless context requires otherwise, the financial data in this Draft Letter of Offer is derived from the Financial Statements. Our Fiscal commences on April 1 and ends on March 31 of the following calendar year. For details, see “**Restated Financial Statements**” on page 103 of this Draft Letter of Offer.

The GoI has adopted the Indian accounting standards (“**Ind AS**”), which are converged with the International Financial Reporting Standards of the International Accounting Standards Board (“**IFRS**”) and notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (the “**Ind AS Rules**”).

The Audited Consolidated Financial Results for the half year and quarter ended September 30, 2022 and the Restated Consolidated Financial Statements of our Company for the Financial Years ended March 31, 2022, March 31, 2021, and March 31, 2020 are prepared in accordance with Ind AS and as per Schedule III as prescribed under Section 133 of Companies Act read with the Ind AS Rules and other the relevant provisions of the Companies Act and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (revised), 2019, issued by the ICAI.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off and unless otherwise specified all financial numbers in parenthesis represent negative figures. Our Company has presented all numerical information in this Draft Letter of Offer in “lakh” units or in whole numbers where the numbers have been too small to represent in lakh. One lakh represents 1,00,000 and one million represents 1,00,000.

There are significant differences between Ind AS, US GAAP and IFRS. We have not provided a reconciliation of the financial information to IFRS or US GAAP. Our Company has not attempted to also explain those differences or quantify their impact on the financial data included in this Draft Letter of Offer, and you are urged to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with these accounting principles and regulations on our financial disclosures presented in this Draft Letter of Offer should accordingly be limited. For further information, see “**Financial Information**” on page 103 of this Draft Letter of Offer.

Certain figures contained in this Draft Letter of Offer, including financial information, have been subject to rounded off adjustments. All figures in decimals (including percentages) have been rounded off to one or two decimals. However, where any figures that may have been sourced from third-party industry sources are rounded off to other than two decimal points in their respective sources, such figures appear in this Draft Letter of Offer rounded-off to such number of decimal points as provided in such respective sources. In this Draft Letter of Offer, (i) the sum or percentage change of certain numbers may not conform exactly to the total figure

given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Any such discrepancies are due to rounding off.

## MARKET AND INDUSTRY DATA

Aside from the above, unless stated otherwise, market, industry and demographic data used in this Draft Letter of Offer has been obtained from market research, publicly available information, industry publications and government sources. Industry publications generally state that the information contained in such publication has been obtained from sources believed to be reliable but that the accuracy and completeness of that information are not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified by us or the Lead Manager, and neither our Company nor the Lead Manager make any representation as to the accuracy of that information.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “*Risk Factors*” on page 24 of this Draft Letter of Offer. Accordingly, Investors should not place undue reliance on this information.

### Non-GAAP measures

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like Net Worth, return on Net Worth, Net Asset Value per Equity Share, ratio of non-current liabilities-borrowings (including current maturities of long-term borrowings) / total equity, ratio of Total Borrowings / total equity and earnings before interest, tax, depreciation and amortization have been included in this Draft Letter of Offer. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.

### Currency of Presentation

Unless otherwise specified or the context otherwise requires, all references to:

- ‘INR’, ‘₹’, ‘Indian Rupees’ and ‘Rupees’ are to the legal currency of India; and
- ‘US\$’, ‘USD’, ‘\$’ and ‘U.S. Dollars’ are to the legal currency of the United States of America.

Our Company has presented certain numerical information in this Draft Letter of Offer in “lakh” or “Lac” units. One lakh represents 1,00,000 and one million represents 1,000,000. All the numbers in the document have been presented in lakh or in whole numbers where the numbers have been too small to present in lakh. Any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Conditions and Results of Operation*” and elsewhere in this Draft Letter of Offer, unless otherwise indicated, have been calculated based on our Restated Consolidated Financial Statements.

### Exchange Rates

This Draft Letter of Offer contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupee and other foreign currencies:

Currency	Exchange rate as on			
	September 30, 2022	March 31, 2022	March 31, 2021	March 31, 2020
1 US \$	81.55	₹ 75.81	₹ 73.50	₹ 75.39

Source: [www.fbil.org.in](http://www.fbil.org.in)

*Note: In the event that any of the above mentioned dates of any of the respective financial years is a public holiday, the previous calendar day not being a public holiday has been considered.*

## SUMMARY OF LETTER OF OFFER

The following is a general summary of certain disclosures included in this Draft Letter of Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Letter of Offer or all details relevant to the prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this draft Letter of Offer, including the sections, “*Objects of the Issue*”, “*Outstanding Litigation and Material Developments*”, “*Our Business*” and “*Risk Factors*” on pages 58, 172, 78 and 24 respectively, of this Draft Letter of Offer.

### SUMMARY OF INDUSTRY

- Specialty chemical companies in India have started accelerating their capex plan on the back of strong growth visibility and emerging opportunities
- Due to growing environmental concerns, many chemical companies in China ceased activities in 2018; this led to an increase in manufacturing of specialty chemicals in the Indian market to ensure uninterrupted supply
- Indian manufacturers have recorded a CAGR of 11% in revenue between FY15 and FY21, increasing India’s share in the global specialty chemicals market to 4% from 3%, according to the Crisil report.
- A revival in domestic demand and robust exports will spur a 50% YoY increase in the capex of specialty chemicals manufacturers in FY22 to Rs. 6,000-6,200 crore (US\$ 815-842 million).
- Revenue growth is likely to be 19-20% YoY in FY22, up from 9-10% in FY21, driven by recovery in domestic demand and higher realisations owing to rising crude oil prices and better exports.

For more details, please see the section titled “*Our Industry*” beginning on page 70 of this Draft Letter of Offer.

### SUMMARY OF BUSINESS

Our Company is a manufacturer of ionic and non-ionic surfactants and primarily caters to the home and personal care industries. Our products find application in a host of consumer-centric home and personal care industries, including, inter alia, skin care, oral care, hair care, cosmetics, toiletries and detergent products and for industrial application. We believe that we offer to our customers a wide range of innovative, customization, eco-friendly and high-quality products. (Ionic surfactants are the surface-active agents containing cations or anions as in their formulations, whereas non-ionic surfactants are those that can be used with high salinity or hard water, and are compatible with other types, and are excellent candidates for complex mixtures with low toxicity level).

We have significantly expanded and diversified our product profile, client base and geographical footprint. Currently, our product portfolio comprises over 20 product grades, which are marketed to customers in over 13 countries, including India, North America, South America, South-East Asia and Europe. Our wide product portfolio comprises surfactants, mild surfactants, preservatives, pearlescing agent and blends, which finds application in diverse end use products. We also manufacture formulated blends as per customer specifications and ensure timely delivery by leveraging distribution network.

### OUR PROMOTER

The Promoters of our Company are Shri Parimal Hasmukhlal Desai and Shri Chandrakant Vallabhaji Gogri. For further details, please see the section titled “*Our Promoter*” beginning on page 100 of this Draft Letter of Offer.

### OBJECTS OF THE ISSUE

The Net Proceeds are proposed to be used in accordance with the details set forth below:

Sr. No	Objects – Description	Amount (₹ in Lakhs)**
1.	To Meet Working Capital Requirements	Upto 3720.00
2.	General Corporate Purposes*	Upto 1240.00

<b>TOTAL</b>	<b>Upto 4960.00</b>
--------------	---------------------

*\*The amount is subject to adjustment upon finalization of Issue related expenses, however, in no event, shall general corporate purposes exceed 25% of the Gross Proceeds.*

*\*\*Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio.*

For further details, please see the section titled “**Objects of the Issue**” beginning on page 58 of this Draft Letter of Offer.

#### **INTENTION AND EXTENT OF PARTICIPATION BY OUR PROMOTERS AND PROMOTER GROUP:**

Pursuant to the letter dated December 09, 2022, our Promoters and members of the Promoter Group, have undertaken that they will (a) subscribe, jointly and / or severally to the extent of their Rights Entitlements; (b) subscribe to the extent of any Rights Entitlement that may be renounced in their favour by any other Promoters or Member(s) of the Promoter Group of our Company and shall not renounce right entitlement to any other person excluding the Promoters or Member(s) of the Promoter Group of our Company; (c) subscribe to, either individually or jointly and / or severally with any other Promoters or Member(s) of the Promoter Group, for additional Rights Equity Shares over and above their entitlement, including subscribing to the unsubscribed portion (if any) in this Issue.

The aforementioned subscription of Rights Equity Shares and Additional Rights Shares by our Promoter, if allotted shall not result in a change of control of the management of our Company and shall not result in an obligation on our Promoter to make an open offer to the public shareholders of our Company in terms of the SEBI Takeover Regulations. Further, as on the date of this Letter of Offer, our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under applicable laws, pursuant to this Issue.

#### **SUMMARY OF RESTATED CONSOLIDATED FINANCIAL STATEMENTS**

Following are the details as per the Audited Consolidated Financial Information for the six months period ended September 30, 2022 and Restated Consolidated Financial Information as at and for the Financial Years ended on March 31, 2022, March 31, 2021 and March 31, 2020:

*(₹ in lakhs except Earnings per share and Net Asset Value)*

Particulars	For the period ended September 30, 2022 <sup>^</sup>	FY 2021-22*	FY 2020-21*	FY 2019-20*
Equity Share Capital	758.45	758.45	758.45	758.45
Net worth (Total Shareholders’ Fund)	13988.00	13591.77	13265.02	11094.96
Revenue from Operations	30989.85	57551.70	46577.03	32586.40
Profit after Tax	403.10	549.48	2163.45	208.61
Earnings per share				
- Basic (in ₹)	5.31	7.25	28.52	2.75
- Diluted (in ₹)	5.31	7.25	28.52	2.75
Net Asset Value per Equity Share** (in ₹)	184.43	179.21	174.90	146.29
Total borrowings	18526.58	16151.76	15193.62	10920.70

<sup>^</sup> As per Audited Consolidated Financial Statements submitted to the Stock Exchange.

\* As per the Restated Financial Statements.

\*\* Net worth divided by the number of weighted average number of equity shares outstanding during the year / period.

For further details, please see the section titled “**Financial Information**” on page 103 of this Draft Letter of Offer.

#### **SUMMARY OF OUTSTANDING LITIGATION AND DEFAULTS**

A summary of material outstanding legal proceedings involving our Company, its Directors, Promoters and its



Subsidiary Company, as identified in accordance with the SEBI ICDR Regulations as on the date of this Draft Letter of Offer, including the aggregate approximate amount involved to the extent ascertainable, is provided below.

Name of the Cases	Number of cases	Total amount involved (₹ in Lakhs)
<b>Against our Company</b>		
Tax	Nil	Nil
Civil	Nil	Nil
Criminal	Nil	Nil
Statutory or Regulatory Proceedings	Nil	Nil
<b>By our Company</b>		
Tax	11	910.15
Civil	Nil	Nil
Criminal	Nil	Nil
<b>Against our directors</b>		
Tax	Nil	Nil
Civil	Nil	Nil
Criminal	Nil	Nil
Action taken by Statutory or Regulatory Proceedings	Nil	Nil
<b>By our directors</b>		
Tax	Nil	Nil
Civil	Nil	Nil
Criminal	Nil	Nil
<b>By our Promoter</b>		
Tax	Nil	Nil
Civil	Nil	Nil
Criminal	Nil	Nil
<b>Against our Promoter</b>		
Tax	Nil	Nil
Civil	Nil	Nil
Criminal	Nil	Nil
Statutory or Regulatory Proceedings	Nil	Nil

For further details, please see the section titled “*Outstanding Litigations and other Material Developments*” beginning on Page 172 of this Draft Letter of Offer.

## **RISK FACTORS**

Specific attention of the Investors is invited to the section “*Risk Factors*” on page 24 of this Draft Letter of Offer. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue.

## **CONTINGENT LIABILITIES OF OUR COMPANY**

For details of the contingent liabilities for the period ended September 30, 2022 and year ended March 31, 2022, March 31, 2021, and March 31, 2020, please see the section titled “*Financial Information*” on page 103 of this Draft Letter of Offer.

## **RELATED PARTY TRANSACTIONS**

For the details of the Related Party Transactions entered by our Company, please see “*Financial Information*” on page 103 of this Draft Letter of Offer:

## **ISSUE OF EQUITY SHARES FOR CONSIDERATION OTHER THAN CASH**

Our Company has not issued Equity Shares for consideration other than cash during the period of one year preceding the date of this Draft Letter of Offer.

**SPLIT OR CONSOLIDATION OF EQUITY SHARES**

There has been no split or consolidation of Equity Shares in the last one year preceding the date of this Draft Letter of Offer.

## SECTION II – RISK FACTORS

*An investment in Equity Shares involves a high degree of risk. Prospective investors should carefully consider each of the following risk factors and all other information set forth in this Draft Letter of Offer, including in “Our Business”, “Our Industry”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Restated Financial Statements” beginning on pages 78, 70, 164 and 103, respectively of this Draft Letter of Offer before making an investment in the Rights Equity Shares.*

*The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business, financial condition, results of operations and cash flows. If any or some combination of the following risks, or other risks that are not currently known or believed to be adverse, actually occur, our business, financial condition and results of operations could suffer, the trading price of, and the value of your investment in, our Equity Shares could decline and you may lose all or part of your investment. In making an investment decision with respect to this Issue, prospective investors must rely on their own examination of the Company and the terms of this Issue, including the merits and risks involved. You should consult your tax, financial and legal advisors about the consequences to you of an investment in the Rights Equity Shares.*

*The following risk factors have been determined by our Board of Directors on the basis of their materiality. The following factors have been considered for determining the materiality:*

- (i) Some events may not be material individually, but may be found material collectively,*
- (ii) Some events may have material impact qualitatively instead of quantitatively; and*
- (iii) Some events may not be material at present but may have material impact in the future.*

*The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact may not be quantifiable and hence, the same has not been disclosed in such risk factors. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk over another.*

*This Draft Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Letter of Offer.*

### INTERNAL RISK FACTORS

- 1. Our business is dependent on our manufacturing facilities and we are subject to certain risks in our manufacturing process. Any slowdown or shutdown in our manufacturing operations or under- utilization of our manufacturing facilities could have an adverse effect on our business, results of operations and financial condition.***

As on date of this Draft Letter of Offer, we are conducting our operations through manufacturing unit situated at Pithampur and Silvasa, Our business is dependent upon our ability to manage our manufacturing units, which are subject to various operating risks, including those beyond our control, such as the breakdown and failure of equipment or industrial accidents and severe weather conditions and natural disasters. Any significant malfunction or breakdown of our machinery may entail significant repair and maintenance costs and causedelays in our operations. If we are unable to repair malfunctioning machinery in a timely manner or at all,our operations may need to be suspended until we procure machinery to replace the same. In addition, we may be required to carry out planned shutdowns of our facilities for maintenance, statutory inspections andtesting, or may shut down certain facilities for capacity expansion and equipment upgrades. We may also face protests from local citizens at our existing facilities or while setting up new facilities, which may delay or halt our operations.

For an instance, in March 19, 2022 we have experienced a fire breakout at our Silvasa manufacturing unit which resulted in complete shutdown of our operations for 2 days because of a power outage. However, as on the date of this draft Letter of Offer, a part of the Silvasa unit is non-operative and our production of Silvasaa unit to a large extent have been recouped by our another manufacturing unit located at Pithampur. We cannot assure you that there will not be any such

disruptions in our operations in the future. Our inability to effectively respond to such events and rectify any disruption, in a timely manner and at an acceptable cost, could lead to the slowdown or shut-down of our operations or the under-utilization of our manufacturing facilities, which in turn may have an adverse effect on our business, results of operations and financial condition.

- 2. We source a significant portion of our raw material requirement from foreign suppliers and if these suppliers fail to deliver necessary raw material of appropriate quality in a timely manner our operations may be disrupted. We do not have long-term agreements with suppliers for our raw materials and an increase in the cost of, or a shortfall in the availability or quality of such raw materials could have an adverse effect on our business and results of operations.***

Our business depends on the availability of reasonably priced, high quality raw materials in the quantities required by us. Our key raw materials include fatty acids, phenols, DMAPA and PAA, which we primarily import from overseas suppliers and also sourced domestically. Any material shortage or interruption in the supply or decrease in the quality of these raw materials due to natural causes or other factors could result in increased production costs that we may not be able to pass on to our customers, which in turn, would have a material adverse effect on our margins and results of operations.

For the six months ended September 30, 2022 and the Fiscals 2022, 2021 and 2020, our cost of materials consumed was ₹80.50%, ₹79.15%, ₹75.44% and ₹75.89%, of our revenue from operations, respectively. The price and availability of such raw materials depend on several factors beyond our control, including overall economic conditions, production levels, market demand and competition for such materials, production and transportation cost, duties and taxes and trade and regulatory restrictions. Raw materials, including packaging materials, are subject to supply disruptions and price volatility caused by various factors such as commodity market fluctuations, the quality and availability of raw materials, currency fluctuations, consumer demand, changes in government policies and regulatory sanctions.

We usually do not enter into long-term supply contracts with any of our raw material suppliers and typically source raw materials from third-party suppliers or the open market. The absence of long-term contracts at fixed prices exposes us to volatility in the prices of raw materials that we require and we may be unable to pass these costs onto our customers, which may reduce our profit margins. We also face a risk that one or more of our existing suppliers may discontinue their supplies to us, and any inability on our part to procure raw materials from alternate suppliers in a timely fashion, or on commercially acceptable terms, may adversely affect our operations.

Further, we typically rely on third-party transportation providers to supply most of the raw materials and to deliver products to our customers. If, for any reason, primary suppliers of raw materials should curtail or discontinue their delivery of such materials or products to us in the quantities we need, or on commercially acceptable terms, production schedules could be disrupted and our business and results of operations could be adversely affected.

- 3. The success of our business depends on the success of our customers' products with end consumers. Any decline in demand for the end products in which our specialty chemicals are used would have a material adverse effect on our business, financial condition and results of operations.***

The speciality chemicals manufactured by us are used in manufacture of hand wash formulations, dish wash formulation, hair shampoo and liquid detergents. For details of our products, see “***Our Business – Our Products***” on page 78. Our commercial success also depends to a large extent on the success of our customers products with end consumers, therefore, our sales may be adversely affected by any downturn in sales of such industries or specifically, our customer’s products. Such downturn in sales of our customer’s end products may occur due to a number of reasons, which include (a) a general shift in end-customer preferences, (b) the invention of more advanced alternatives at the end product level, and (c) downturn in the economy, which may deter, to some extent, end consumers from purchasing skin care and hair care products. Further, the success of the end products

manufactured by our customers depends on our and the ability of our customers to identify early on, and correctly assess consumer market preferences. We cannot assure you that our customers will correctly assess consumer preferences in a timely manner or that demand for goods in which our products are used will not decline. Occurrence of any of such events or other events that acutely affects the sales of our customer's end products would have a material and adverse effect on our business and results of operations.

4. ***We are subject to quality requirements and strict technical specifications and audits by our customers. Our failure to comply with the quality standards and technical specifications prescribed by such customers may lead to loss of business from such customers and could negatively impact our reputation, which would have an adverse impact on our business prospectus and results of operations.***

We manufacture and supply specialty chemicals and are one of the manufacturers of ingredients used in skin and hair care products. Given the nature of our products, our customers have high standards for product quality as well as delivery schedules. Adherence to quality standards is a critical factor in our manufacturing process as any defects in the products manufactured by our Company or failure to comply with the technical specifications of our customers may lead to cancellation of the orders placed by our customers.

Further, any failure to make timely deliveries of products in the desired quantity as per our customers' requirements could also result in the cancellation of orders placed by our customers and may adversely affect our reputation and goodwill. Additionally, prior to placing the orders, there is a detailed audit and review process that is undertaken by certain customers (which may be undertaken multiple times over a period of time). Our manufacturing units are also subject to periodic audits by our customers. This may involve inspection of the manufacturing units, review of the manufacturing processes, review of the raw materials, review of our financial capabilities, technical review of the specification of the proposed product, review of our logistical capabilities, and reviews of our product. The product delivered by us is further subject to laboratory validation by certain customers. As per the arrangements entered into with certain customers, in the event our products do not comply with the specifications provided by the customer or in the event of a product recall, our supplies may be rejected, which may in turn result in a materially adverse impact on our business, financial conditions and results of operations.

We are therefore subject to a stringent quality control mechanism at various stages of the manufacturing process and are required to maintain the quality and precision level for each product. Any failure on our part to meet the expectations of our clients and to comply with the quality standards set out in our arrangements, could result in the termination of our contracts and our customers may choose to source their requirements from our competitors. We may also be required to reimburse our customer for any losses suffered as a result of our non-compliance. The occurrence of such events could have an adverse effect on our business, results of operations, financial condition and cash flows.

5. ***Our operations are hazardous and could expose us to the risk of liabilities, loss of revenue and increased expenses.***

Our operations are subject to various hazards associated with the production of chemical and other products, such as the use, handling, processing, storage and transportation of hazardous materials, as well as accidents such as leakage or spillages of chemicals. Any mishandling of hazardous chemicals and poisonous substances could also lead to fatal accidents. In addition, our employees operate heavy machinery at our manufacturing facilities and accidents may occur while operating such machinery. These hazards can cause personal injury and loss of life, severe damage to and destruction of property and equipment, environmental damage and may result in the suspension of operations and the imposition of civil and criminal liabilities. As a result of past or future operations, claims for damages from our customers along with claims of injury by employees or members of the public due to exposure, or alleged exposure, to the hazardous materials involved in our business

may arise.

Events like these could result in liabilities, or adversely affect our reputation with suppliers, customers, regulators, employees, and the public, which could in turn affect our financial condition and business performance. While we maintain general insurance against some of these liabilities, insurance proceeds may not cover or may not be adequate to fully cover the substantial liabilities, lost revenues, loss of reputation or increased expenses that we might incur.

6. ***We are subject to extensive government regulation and if we fail to obtain, maintain, or renew our statutory and regulatory licenses, permits and approvals required to operate our business, our business and results of operations may be adversely affected.***

Our operations are subject to extensive government regulation and we are required to obtain and maintain a number of statutory and regulatory permits and approvals under central, state and local government rules in the geographies in which we operate, generally for carrying out our business and for each of our manufacturing facilities in India.

A majority of these approvals are granted for a limited duration and requires periodical renewal which we endeavor to apply and obtain the renewed approvals in a timely manner, however we cannot assure you that such approvals will be issued or granted to us in a timely manner, or at all. If we do not receive such approvals or are not able to renew the approvals in a timely manner, our business and operations may be adversely affected.

The approvals required by us are subject to numerous conditions and we cannot assure you that these would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business.

7. ***Any inability on our part to manage our growth or implement our strategies effectively could have a material adverse effect on our business, results of operations and financial condition.***

We cannot assure you that our growth strategy will continue to be successful or that we will be able to continue to expand our operations. Our growth strategies are subject to and involve risks and difficulties, many of which are beyond our control and, accordingly, there can be no assurance that we will be able to implement our strategies or growth plans or complete them within the budgeted cost and timelines.

We currently intend to inter alia expand our product portfolio, increase our global footprint, expanding our production capacity and continue improving financial performance through focus on operational efficiencies. Such strategies are subject to certain risks and uncertainties. For further details in relation to such strategies see “***Our Business - Our Strategies***” on page 78.

Expansion of operations increases the challenges involved in inter alia making accurate assessments of the resources we require, acquiring new customers and increasing or maintaining contribution from existing customers, procuring raw materials at a cost-effective manner, recruiting, training and retaining sufficient skilled personnel, maintaining high levels of customer satisfaction and adhering to expected performance and quality standards.

Pursuant to changes in market conditions, industry dynamics, technological improvements, changes in regulatory or trading policies or changes therein and other relevant factors, our growth strategies and plans may undergo changes or modifications, and such changes or modifications may be substantial, and may even include limiting or foregoing growth opportunities if the situation so demands. Additionally, there can be no assurance that debt or equity financing or our internal accruals will be available or sufficient to meet the funding of our growth plans in the future.

8. ***Information relating to the installed manufacturing capacity of our manufacturing facility***



***included in this Draft Letter of Offer are based on various assumptions and estimates and future production and capacity may vary.***

Information relating to the installed manufacturing capacity of our facility included in this Draft Letter of Offer are based on various assumptions and estimates of our management that have been taken into account by an independent cost accountant in the calculation of the installed manufacturing capacity of our manufacturing facility. For further information, see “***Our Business - Capacity and Capacity Utilization***” on page 78.

Further, the installed capacity, capacity utilisation and other related information may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to capacity information that may be computed and presented by other specialty chemical companies. Undue reliance should therefore not be placed on our historical installed capacity information for our existing facilities included in this Draft Letter of offer.

**9. *Our inability to accurately forecast demand or price for our products and manage our inventory may have an adverse effect on our business, results of operations and financial condition.***

Our business depends on our estimate of the demand for our products from customers and on the basis of purchase orders that are placed from time to time. Almost all of our customers operate within the personal care and home care segments, including, inter alia, skin care, oral care, hair care, cosmetic and detergents. The demand for the products manufactured by our customers is linked to a variety of factors, including our customers’ ability to identify and adapt to evolving consumer preferences.

If we underestimate demand or have inadequate capacity due to which we are unable to meet the demand for our products, we may manufacture fewer quantities of products than required, which could result in the loss of business. While we forecast the demand and price for our products and accordingly plan our production volumes, any error in our forecast could result in a reduction in our profit margins and surplus stock, which may result in additional storage cost and such surplus stock may not be sold in a timely manner, or at all. At times when we have overestimated demand, we may have incurred costs to build capacity or purchased more raw materials and manufactured more products than required. Our inability to accurately forecast demand for our products and manage our inventory may have an adverse effect on our business, results of operations and financial condition.

**10. *We are subject to safety, health, environmental, labour, workplace and related laws and regulations and any failure to comply with any current or future laws or regulations could have a material adverse effect on our business, financial condition and results of operations.***

We are subject to a broad range of safety, health, environmental, labour, workplace and related laws and regulations in the jurisdictions in which we operate, which impose controls on the disposal and storage of raw materials, air and water discharges; on the storage, handling, discharge and disposal of chemicals, employee exposure to hazardous substances and other aspects of our operations. For example, Indian law limits the amount of hazardous and polluting discharge that our manufacturing facilities may release into the air.

Manufacturing sites by nature may be hazardous. Our sites often put our employees and others in close proximity with moving vehicles and chemical and manufacturing processes. As a result, we are subject to a variety of health and safety laws and regulations dealing with occupational health and safety. Unsafe work sites have the potential to increase employee turnover and raise our operating costs. Further, any accidents at our facilities may result in personal injury or loss of life, substantial damage to or destruction of property and equipment that could result in the suspension of operations. Any of the foregoing could subject us to litigation, which may subject us to penalties, increase our expenses in the event we are found liable, and could adversely affect our reputation. Additionally, the government or the relevant regulatory bodies may require us to shut down our facilities, which in turn could lead to product shortages that delay or prevent us from fulfilling our obligations to

customers.

If we fail to maintain safe work sites or violate applicable laws, it could expose us to civil and criminal liabilities and harm our reputation, any of which could have a material adverse effect on our business, financial condition and results of operations.

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

- 11. *The products that we manufacture or process are subject to risks such as contamination, adulteration and product tampering during their manufacture, transport, or storage. In order to mitigate the risks associated with damages of our raw materials and finished products in transit, we maintain adequate insurance cover.***

We also face inherent business risks of exposure to product liability or recall claims in the event that our products fail to meet the required quality standards or are alleged to result in harm to customers. Such risks may be controlled, but not eliminated, by adherence to good manufacturing practices and finished product testing. Any defect in our products and claims by our customers against our products could adversely affect the value of our brand, and our sales could diminish. Further, our business is dependent on the trust of our customers have in the quality of our products.

We face the risk of legal proceedings and product liability claims being brought by various entities, including our customers, end-users and government agencies for various reasons including for defective or contaminated products sold or services rendered. If we experience a product recall or are a party to a product liability case, we may incur considerable expense on litigation. We cannot assure you that we will not experience product recalls or product liability losses in the future. Any product recall, product liability claim or adverse regulatory action may adversely affect our reputation and brand image, as well as entail significant costs, which could adversely affect our reputation, business, results of operations and financial condition.

- 12. *If we are unable to introduce new products and respond to changing consumer preferences in a timely and effective manner, the demand for our products may decline, which may have an adverse effect on our business, results of operations and financial condition.***

The success of our business depends upon our ability to anticipate and identify changes in consumer preferences and offer products that consumers require. We constantly seek to develop our research and development capabilities to distinguish ourselves from our competitors to enable us to introduce new products and different variant of our existing products, based on consumer preferences and demand. Although we seek to identify such trends and introduce new products, we cannot assure you that our products would gain consumer acceptance or that we will be able to successfully compete in such new product segments.

Before we can introduce a new product, we must successfully execute a number of steps that involve a significant lead time, including successful research and development, obtaining the requisite regulatory approvals and registrations, customizing our production capacities, scaling our vendor, production and infrastructure networks, meeting the expectations of our customer audit processes and their approval and effective marketing strategies. We also depend on the successful introduction of new production and manufacturing processes to create innovative products, achieve operational efficiencies and adapt to advances in, or obsolescence of our technology. We cannot assure you that we will be able to successfully make timely and cost-effective enhancements and additions to our technological infrastructure, keep up with technological improvements in order to meet our customers' needs or that the technology developed by others will not render our products less competitive or attractive. Our failure to successfully adopt such technologies in a cost effective and a timely manner could increase our costs and lead to us being less competitive in terms of our prices

or quality of products we sell.

The development and commercialization process of a new product would require us to spend considerable time and money. Our ongoing investments in research and development for new products and processes may result in higher costs without a proportionate increase in revenues. Delays in any part of the process, our inability to obtain necessary regulatory approvals for our products or failure of a product to be successful at any stage could adversely affect our business. Consequently, any failure on our part to successfully introduce new products and processes may have an adverse effect on our business, results of operations and financial condition.

**13. *We do not own our Registered office, Head Office or Manufacturing unit facility from which we carry out our business activities.***

Any termination or dispute in relation to these rental agreements may have an adverse effect on our business operations and results thereof. We do not own the Registered Office, Manufacturing Unit, and Head Office from which we operate. The said offices are taken by us on lease basis from the Promoter and Promoter Group Company and third party. As per the leave & license agreements, non-payment or default in payment of rentals or violation of any term of rent agreement may require us to vacate the said premises which may cause disruption in our corporate affairs and business and impede our effective operations and thus adversely affect our profit ability. We also cannot assure that lessor will not terminate the rental agreement prior to expiry or at the time of expiry of the agreement, which would require us to locate to another premise and may have an adverse effect on conducting our business operations. For further details regarding the premises, please refer to chapter “***Our Business***” on page 78 of this Draft Letter of Offer.

**14. *Our Company has incurred substantial indebtedness which exposes us to various risks which may have an adverse effect on our business and results of operations.***

As on September 30, 2022, we had Rs. 18526.58 Lakh of outstanding debt in terms of long-term borrowings and short-term borrowings on our balance sheet from various banks, financial institutions and others. In the event that we fail to meet our debt servicing obligations under our financing documents, the relevant lenders could declare us to be in default, accelerate the maturity of our obligations or takeover our project or even sell our Company’s movable and immovable assets. We cannot assure investors that in the event of any such acceleration we will have sufficient resources to repay these borrowings. Failure to meet such obligations under debt financing agreements may have an adverse effect on our cash flows, business and results of operations. Our ability to meet our debt service obligations and to repay our outstanding borrowings will depend primarily upon the cash flows generated by our business. We cannot assure you that we will generate sufficient cash to enable us to service existing or proposed borrowings. Incurring significant indebtedness may limit our flexibility in planning for or reacting to changes in our business & industry and limit our ability to borrow additional funds.

**15. *Our top ten customers contribute more than 58%, 55%, 71% of our revenues for the year ended March 31, 2022, March 31, 2021 and March 31, 2020. Any loss of business from one or more of them may adversely affect our revenues and profitability.***

Our top ten customers contribute to a substantial portion of our revenues for the period ended March 31, 2022, March 31, 2021 and March 31, 2020. However, the composition and revenue generated from these clients might change as we continue to add new customers in normal course of business. Any decline in our quality standards, growing competition and any change in the demand for our products by these customers may adversely affect our ability to retain them. We believe we have maintained good and long-term relationships with our customers. However, there can be no assurance that we will continue to have such a long-term relationship with them. Also, any delay or default in payment by these customers may adversely affect our business, financial condition and results of operations. We cannot assure that we shall generate the same quantum of business, or any business at all, from these customers, and loss of business from one or more of them may adversely

affect our revenues and profitability.

**16. *Our Company is dependent on certain suppliers for purchase of product. Loss of any of these large suppliers may affect our business operations.***

Our Company is largely dependent on certain suppliers, as the top ten suppliers of our Company constitute around 62%, 56% and 55% of the total purchases for the Fiscal 2022, Fiscal 2021 and Fiscal 2020 respectively. We cannot assure that we will be able to procure the same quantum and quality of supplies, or any supplies at all, and the loss of supplies from one or more of them may adversely affect our purchases of stock and ultimately our revenue and results of operations. However, the composition and amount of purchase from these suppliers might change as we continue to seek new suppliers for our product for better quality and price in the normal course of business. Though we believe that we will not face substantial challenges in maintaining our business relationship with them or finding new suppliers, there can be no assurance that we will be able to maintain long term relationships with such suppliers or find new suppliers in time.

**17. *Changes in technology may render our current technologies obsolete or require us to make substantial capital investments.***

Modernization and technology upgradation is essential to reduce costs and increase the output. Our technology and machineries may become obsolete or may not be upgraded timely, hampering our operations and financial conditions. In case of a new-found technology in the manufacturing facilities, we may be required to implement new technology or upgrade the machineries and other equipment's employed by us. Further, the costs in upgrading our technology and modernizing the plant and machineries are significant which could substantially affect our finances and operations.

**18. *Our insurance coverage may not adequately protect us against all material hazards, which may adversely affect our business, results of operations and financial condition.***

We believe that the insurance coverage maintained, would reasonably cover all normal risks associated with the operation of our business, however, there can be no assurance that any claim under the insurance policies maintained by us will be met fully, in part or on time. In the event, we suffer loss or damage that is not covered by insurance or exceeds our insurance coverage, our results of operations and cash flow may be adversely affected.

Further, our Company is required to renew these insurance policies from time to time and in the event, we fail to renew the insurance policies within the time period prescribed in the respective insurance policies or not obtain at all, our Company may face significant uninsured losses. If our Company suffers a large uninsured loss or if any insured loss suffered, significantly exceeds our insurance coverage, our business, financial condition and results of operations may be adversely affected.

**19. *We have in past entered into related party transactions and may continue to do so in the future, may potentially involve conflicts of interest and impose certain liabilities on our Company.***

We have entered into related party transactions with our Promoters, Promoter Group, and Directors. While we believe that all such transactions have been conducted on the arm's length basis, however it is difficult to ascertain whether more favourable terms would have been achieved had such transactions been entered with unrelated parties. Furthermore, it is likely that we may enter into related party transactions in the future. For details of these transactions, please refer to the section titled "**Restated Financial Statement**" at page 103 of this Draft Letter of Offer.

**20. *A shortage or non-availability of electricity, fuel or water may adversely affect our manufacturing operations and have an adverse effect on our business, results of operations and financial condition.***

Our manufacturing operations require a significant amount and continuous supply of electricity, fuel

and water and any shortage or non-availability may adversely affect our operations. The production process of certain products, as well as the storage of certain raw materials and products in temperature-controlled environments requires significant power. Although we have diesel/furnace oil generators to meet exigencies at certain of our facilities, we cannot assure you that our facilities will be operational during power failures. Any failure on our part to obtain alternate sources of electricity, fuel or water, in a timely fashion, and at an acceptable cost, may have an adverse effect on our business, results of operations and financial condition.

21. ***We have high working capital requirements. If we experience insufficient cash flows to enable us to make required payments on our debt or fund working capital requirements, there may be an adverse effect on our results of operations.***

Our business requires a significant amount of working capital. In many cases, significant amounts of working capital is required to finance the purchase of materials and the manufacturing process of the same before payments are received from customers. Our working capital requirements may increase from time to time, for instance for certain higher volume clients, we may be required to extend additional credit considering the same on case to case basis. In addition, our working capital requirements have increased in recent years due to the heavy growth in our volumes and liquidity issues in certain sectors to whom we supply our products. All of these factors may result, or have resulted, in increases in our working capital requirements. For further details of our working capital estimates please refer to section titled "***Objects of the Issue***" beginning on page 58 of the Draft Letter of Offer. If we are unable to finance our working capital needs, or secure other financing as projected, on acceptable commercial terms, it may adversely affect our business and growth prospects.

22. ***The objects of the Offer for which funds are being raised have not been appraised by any bank or financial institution and are based on management estimates.***

Our funding requirement set out in the chapter "***Objects of the Issue***" on page 58 including working capital requirement are based on management estimates and has not been appraised by any bank or financial institution. Our funding requirements are based on our current business plan and may vary based on various factors including macroeconomic changes. In view of the dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and, consequently, the funding requirement and the utilization of proceeds from the Offer may also change. This may also include re-scheduling the proposed utilization of Offer Proceeds at the discretion of our management. Moreover, we have also not entered into definitive agreements to utilise the proceeds from the Offer for certain objects of the Offer. We may make necessary changes to the utilisation of Offer Proceeds in compliance with the provisions of the Companies Act. In the event of any variation in actual utilization of the Offer Proceeds, any increased fund deployment for a particular activity may be met from funds earmarked from any other activity and/or from our internal accruals. Further, any such revision in the estimates may require us to revise our projected expenditure which may have a bearing on our profitability.

23. ***We operate in a competitive business environment. Competition from existing players and new entrants and consequent pricing pressures could have a material adverse effect on our business growth and prospects, financial condition and results of operations.***

The surfactants and speciality chemicals industry is highly competitive. We expect that competition will continue to intensify both through the entry of new players and consolidation of existing players. Our competitors may succeed in developing products that are more effective, more popular or cheaper than any we may develop, which may render our products obsolete or uncompetitive and adversely affect our business and financial results. Some of our competitors may have greater financial resources, better distribution network, technical and marketing resources and generate greater revenues, and therefore may be able to respond better to market changes than we can. Further, our customers operate within the highly competitive personal care and home care industries, where they are constantly required to adapt to factors such as changing consumer preferences,

consolidation and the entry of new regional and local players, and constantly exert downward pricing pressure. We may be adversely affected in case our customers are unable to effectively respond to any factors that adversely impact the competitive landscape of the personal care and home care industries.

We believe that our ability to compete depends on a number of factors beyond our control, including the ability of our competitors to attract, train, motivate and retain highly skilled technical employees, the price at which our competitors offer comparable products and the extent of our competitor's responsiveness to dealer needs. Our inability to adequately address competitive pressures may have a material adverse effect on our business, prospects, financial condition and results of operations.

24. ***We appoint contract labour for carrying out certain of our operations on a need basis and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on our results of operations, cash flows and financial condition.***

We engage independent contractors through whom we engage contract labourers for performance of certain functions at our manufacturing unit on the basis of the requirement. Although we do not engage these labourers directly, we are responsible for any wage and statutory payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and our financial conditions. In addition, we may be liable for or exposed to litigations, sanctions, penalties or losses arising from accidents or damages caused by our workers or contractors.

25. ***If we are unable to protect our intellectual property and technical know-how against third party infringement or breaches of confidentiality, or are found to infringe on the intellectual property rights of others, it could have a material adverse effect on our business, results of operations and financial condition.***

We often rely on trade secrets to protect proprietary formulations, which do not require us to publicly file information regarding such trade secrets. Consequently, disputes may arise from time to time concerning the ownership of intellectual property rights or the enforceability of confidentiality agreements. Furthermore, our trade secrets may become known or independently developed by our competitors, and in such cases, we may no longer enjoy the exclusive use of some of our formulations or maintain the confidentiality of information relating to our products.

Additionally, we may face claims that we are infringing the intellectual property rights of others. If we are subject to any adverse rulings or decisions, our manufacture and sale of such products could be significantly restricted or prohibited and we may be required to pay substantial damages or on-going licensing fees.

Our Company do not own or registered certain logo as a trade name or trademark under the provisions of the Trademarks Act, 1999 and therefore may be subject to counterfeiting or imitation which would adversely impact our reputation and lead to loss of customer confidence, reduced sales and higher administrative costs

Further, our Company has made a trademark application for a logo of our Company and for logo of ASL research labs, the status as on the date of letter of offer is objected. There can be no assurance that our Company will be granted the trademark applied for, in a timely manner, or at all. Failure to obtain timely registration may adversely impact our ability to defend any infringement of our intellectual property since we will only be able to initiate passing-off action (which is more onerous to prosecute) which may not provide sufficient protection. For further details, please refer to the chapter ***“Our Business – Intellectual Property Rights”*** on page 78.

Moreover, the use of our brand name or logo by third parties could adversely affect our reputation and business, which could in turn adversely affect our financial performance and the market price

of the Equity Shares. Notwithstanding the precautions we take to protect our intellectual property rights, it is possible that third parties may copy or otherwise infringe our rights, which may have an adverse effect on our business and results of operations.

While we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty whether we are infringing any existing third-party intellectual property rights, which may force us to alter our product offerings. We may also be susceptible to claims from third parties asserting infringement and other related claims. If such claims are raised, those claims could result in costly litigation, divert management's attention and resources, subject us to significant liabilities and require us to enter into potentially expensive royalty or licensing agreements or to cease certain product offerings. Any of the foregoing could adversely affect our business, results of operations, cash flows and financial condition.

**26. *A significant disruption to our distribution network or any disruption of civil infrastructure, transport or logistic services, may create delays in deliveries of products distributed by us.***

We rely on various forms of transportation, such as waterways, roadways and railways to receive raw materials required for our products and to deliver our finished products to our customers. Unexpected delays in those deliveries, including due to delays in obtaining customs clearance for raw materials imported by us, or increases in transportation costs, could significantly decrease our ability to make sales and earn profits. Manufacturing delays or unexpected demand for our products may also require us to use faster, but more expensive, transportation methods, which could adversely affect our gross margins. In addition, labour shortages or labour disagreements in the transportation or logistics industries or long-term disruptions to the national and international transportation infrastructure that lead to delays or interruptions of deliveries could materially adversely affect our business. Further, we cannot assure you that we will be able to secure sufficient transport capacity for these purposes. A significant disruption to our distribution network or any disruption of civil infrastructure could lead to a failure to provide products distributed by us in a timely manner, which would adversely affect our business and results of operations.

**27. *We are subject to risks associated with expansion into new geographic regions.***

Expansion into new geographic regions subjects us to various challenges, including those relating to our lack of familiarity with the culture, legal regulations and economic conditions of these new regions, language barriers, difficulties in staffing and managing such operations, and the lack of brand recognition and reputation in such regions. The risks involved in entering new geographic markets and expanding operations, may be higher than expected, and we may face significant competition in such markets. By expanding into new geographical regions, we could be subject to additional risks associated with establishing and conducting operations, including:

- compliance with a wide range of laws, regulations and practices, including uncertainties associated with changes in laws, regulations and practices and their interpretation;
- foreign ownership constraints and uncertainties with new local business partners;
- exposure to expropriation or other government actions; and
- political, economic and social instability.

By expanding into new geographical regions, we may be exposed to significant liability and could lose some or all of our investment in such regions, as a result of which our business, financial condition and results of operations could be adversely affected.

**28. *We are subject to risks arising from foreign exchange rate fluctuations, which could adversely affect our financial condition and results of operations***

We expect that a portion of our Revenue from Operations will continue to be generated in foreign currencies including the U.S. Dollar and that some of our expenses will continue to be denominated in foreign currency including the U.S. Dollar. Accordingly, our operating results have been and will continue to be impacted by fluctuations in the exchange rate between the Indian Rupee and such other foreign currencies.

Volatility or fluctuations in the value of the Indian Rupee against foreign currencies such as the U.S. Dollar may adversely affect our results of operations. At present, we have entered into forward contracts to hedge our foreign currency exposure. However, there can be no assurance that such measures will enable us to mitigate the effect of any adverse fluctuations in the value of the Indian Rupee against the U.S. Dollar or other relevant foreign currencies. Further to the extent of the foreign currency exposure, which are unhedged, any losses on account of foreign exchange fluctuations may adversely affect our results of operations and cash flows.

**29. *As the securities of our Company are listed on Stock Exchanges in India, our Company is subject to certain obligations and reporting requirements under the SEBI Listing Regulations.***

Any non-compliances/delay in complying with such obligations and reporting requirements may render us liable to prosecution and/or penalties. The Equity Shares of our Company are listed on BSE and NSE Limited, therefore we are subject to the obligations and reporting requirements prescribed under the SEBI Listing Regulations. There has been an instance in the recent past wherein, our Company has failed to comply with the requirement of the SEBI Listing Regulations in a timely manner. For instance, our Company has delayed in filing disclosure under Regulation 30 of SEBI Listing Regulation in regards to revision in Credit Rating.

Our Company endeavours to comply with all obligations/reporting requirements under various regulations framed by SEBI and/or Stock Exchanges. However, there may have been instances of non-disclosures/ delayed/ erroneous disclosures and/or any other violations committed by us, and the same may result in imposition of penalties and other regulatory actions against our Company and/or persons in default by SEBI and/or Stock Exchanges. Any such adverse regulatory action or development could affect our business reputation, divert management attention, and result in a material adverse effect on our business prospects and financial performance and on the trading price of the Equity Shares.

**30. *Any failure to comply with quality standards may lead to cancellation of existing and future orders and could negatively impact our business, financial condition, results of operations and prospects.***

We believe that our products go through various quality checks at various stages including random sampling check and quality check by internal and external agencies. Further, failure of our products to meet prescribed quality standards may result in rejection and reworking of our products. This may result in our customers cancelling present or future purchases of our products and could adversely affect our business, financial condition and results of operations. We have obtained certain quality certification from recognised agencies. While we believe we have put in place quality control checks, we cannot assure that our products will always be able to satisfy the prescribed quality standards. Our quality control check may fail to test for all possible conditions of use or identify all defects in the manufacturing of our products. Any failure on our part to successfully maintain quality standards for our products may affect our customer relationships, which may adversely affect our business, financial condition and results of operations.

**31. *We are dependent on a number of key personnel, including our senior management, and the loss of, or our inability to attract or retain such persons could adversely affect our business, results of operations and financial condition.***

Our performance depends largely on the efforts and abilities of our senior management and other key personnel. We believe that the inputs and experience of our senior management and key managerial personnel are valuable for the development of business and operations and the strategic



directions taken by our Company. We cannot assure you that we will be able to retain these employees or find adequate replacements in a timely manner, or at all. We may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires.

Further, our ability to successfully carry out research and development depends on our ability to attract and retain skilled scientists. The personnel at the helm of our R&D functions are critical for new product launches and creating differentiated offering for our businesses. While we believe we have an experienced technical and production team, we may not be able to continuously attract or retain such personnel, or retain them on acceptable terms, given the demand for such personnel. Competition for qualified personnel with relevant industry expertise in India is intense and the loss of the services of our key personnel may adversely affect our business, results of operations and financial condition.

**32. *Our Promoters, Directors and Key Management Personnel are interested in our Company other than reimbursement of expenses or normal remuneration or benefits***

Our Promoters are interested in our Company to the extent of being the Promoters of our Company and to the extent of their shareholding and dividends payable to them, if any. Certain of our Directors and Key Management Personnel may be regarded as interested to the extent of, among other things, remuneration, sitting fee, commission, performance bonus, long term incentives, and other perquisites.

**33. *Our operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees or any other kind of disputes with our employees.***

As of November 30, 2022, we employed over 200 personnel across our manufacturing operations. Although we have not experienced any material labour unrest, we cannot assure you that we will not experience disruptions in work due to disputes or other problems with our work force, which may adversely affect our ability to continue our business operations. Any labour unrest directed against us, could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations. These actions are impossible for us to predict or control and any such event could adversely affect our business, results of operations and financial condition.

**34. *Contingent liabilities could adversely affect our financial condition. Crystallization of any of these contingent liabilities may adversely affect our financial condition.***

Our Contingent liabilities as at March 31, 2022, March 31, 2021 and March 31, 2020 as per our Audited Financial Consolidated Statements and Restated Consolidated Statements are set out below:

₹ in Lakhs			
Contingent Liabilities and Commitments	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
<b>Contingent Liabilities</b>			
(a) Claims against the company not acknowledged as Debt - Unpaid	884.01	884.01	1,002.02
(b) Claims against the company not acknowledged as Debt - Paid (under dispute)	250.53	260.42	250.54
(c) Letter of Credit, Bank Guarantees	49.24	11.74	-
<b>Commitments</b>			
Estimated amount of contracts remaining to be executed on Capital Account and not provided for, net of advances	46.86	308.24	75.00
<b>Total</b>	<b>1,230.64</b>	<b>1,464.41</b>	<b>1,327.56</b>

If a significant portion of these liabilities materialise, it could have an adverse effect on our business, cash flows, financial condition and results of operations. For further details, please see to the section “*Restated Financial Statements*” on page 103 of this Draft Letter of Offer.

35. ***If we fail to retain and attract additional skilled employees, particularly science and technical personnel, it could have a material adverse effect on our business, financial condition and results of operations.***

Our success depends in part on our ability to retain and attract skilled employees, particularly our scientists and skilled equipment operators. Without a sufficient number of skilled employees, our operations and manufacturing quality could suffer. Our ability to successfully carry out research and development depends on our ability to attract and retain skilled scientists and equipment operators. Our experienced sales team has also developed a number of meaningful customer relationships that would be difficult to replace.

Competition for qualified technical personnel and operators as well as sales personnel with established customer relationships is intense, both in retaining our existing employees and when replacing or finding additional suitable employees. Any failure to retain and attract additional skilled scientists, equipment operators or sales personnel could have a material adverse effect on our business, financial condition and results of operations.

36. ***We have had negative cash flows in the past and it is possible that we may experience negative cash flows in the future.***

The table below sets forth selected information from our statements of cash flows in the periods indicated below.

(In ₹ Lakh)

Particulars	Six months ended September 30, 2022	Fiscal		
		2022	2021	2020
Net cash flows generated from /(used in) operating activities	(1,235.11)	2,331.76	3,550.83	1,811.09
Net cash flows generated from /(used in) investing activities	(528.38)	(2,254.11)	(6,046.90)	(214.92)
Net cash flows generated from/ (used in) financing activities	1695.89	(607.98)	3,158.83	(1,587.70)
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(67.60)</b>	<b>(530.33)</b>	<b>662.76</b>	<b>8.47</b>

Cash flow of a company is a key indicator to show the extent of cash generated from operations to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If our Company is not able to generate sufficient cash flows, it may adversely affect our business and financial operations.

37. ***Undetected errors or failures found in our products and services may result in loss of or delay in market acceptance of our products and services that affect our business operations.***

Our products and services may contain undetected errors or scalability limitations particularly when first introduced or as new versions are released. We frequently release new versions of our products and different aspects of our platform and even customize our products. Despite testing by us and by current and potential clients, errors may not be found in new products and services until after commencement of commercial availability or use, resulting in a loss of or a delay in market acceptance, damage to our reputation, client dissatisfaction and reductions in our revenue and profit margins which could negatively impact our business operations.

38. ***Adverse publicity regarding our products could negatively impact us.***

Adverse publicity regarding any of our products or similar products marketed or sold by others could negatively affect us. If any studies raise or substantiate concerns regarding the efficacy or safety of our products or other concerns, our reputation could be harmed and demand for our products could diminish, which could have a material adverse effect on growth in new customers and sales of our product, leading to a decline in revenues, cash collections, and ultimately our ability to meet operating cash flow requirements.

39. ***If we are subject to any frauds, theft, or embezzlement by our employees, contractors or customers, it could adversely affect our reputation, results of operations and financial condition.***

Our operations may be subject to incidents of theft. We may also encounter some inventory loss on account of employee/contractor/vendor fraud, theft, or embezzlement. Although we have set up various security measures in our manufacturing facilities such as deployment of security guards and operational processes such as periodic stock taking, there can be no assurance that we will not experience any fraud, theft, employee negligence, loss in transit or similar incidents in the future, which could adversely affect our reputation, results of operations and financial condition.

40. ***Any failure of our information technology systems could adversely affect our business and our operations.***

We have information technology systems that support our business processes, including product formulas, product development, sales, order processing, production, procurement, inventory management, quality control, product costing, human resources, distribution, accounting and finance. These systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures, natural disasters, breakins and similar events. Effective response to such disruptions will require effort and diligence on the part of our third-party vendors and employees to avoid any adverse effect to our information technology systems. In addition, our systems and proprietary data stored electronically may be vulnerable to computer viruses, cybercrime, computer hacking and similar disruptions from unauthorized tampering. If such unauthorized use of our systems were to occur, data related to our product formulas, product development and other proprietary information could be compromised. The occurrence of any such events could adversely affect our business, interrupt our operations, subject us to increased operating costs and expose us to litigation.

41. ***We have not commissioned an industry report for the disclosures made in the section titled ‘Our Industry’ and made disclosures based on the data available on the internet and such third-party data has not been independently verified by us.***

We have neither commissioned an industry report, nor sought consent from the quoted website source for the disclosures which need to be made in the section titled “***Our Industry***” beginning on page 70 of this Draft Letter of Offer. We have made disclosures in the said section based on the relevant industry related data publicly available online for which relevant consents have not been obtained. We have not independently verified such third-party data. We cannot assure you that any assumptions made are correct or will not change and, accordingly, our position in the market may differ from that presented in this Draft Letter of Offer. Further, the industry data mentioned in this Draft Letter of Offer or sources from which the data has been collected are not recommendations to invest in our Company. Accordingly, investors should read the industry related disclosure in this Draft Letter of Offer in this context.

42. ***Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements.***

We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our Board of Directors deem relevant, including among others, our results of

operations, financial condition, cash requirements, business prospects and any other financing arrangements. Accordingly, realization of a gain on shareholders investments may largely depend upon the appreciation of the price of our Equity Shares. There can be no assurance that our Equity Shares will appreciate in value. For details of our dividend history, see “**Dividend Policy**” on page 102 of this Draft Letter of Offer.

43. ***There is no monitoring agency appointed by our Company and the deployment of funds are at the discretion of our management and our Board of Directors, though it shall be monitored by the Audit Committee.***

As per SEBI (ICDR) Regulations, 2018 appointment of monitoring agency is required only for Issue size above ₹ 10,000 Lakhs. Hence, we have not appointed a monitoring agency to monitor the utilization of Issue proceeds. However, the audit committee of our Board will monitor the utilization of Issue proceeds. Further, our Company shall inform about material deviations in the utilization of Issue proceeds to the Stock Exchange and shall also simultaneously make the material deviations / adverse comments of the audit committee public. Our funding requirements and the proposed deployment of Net Proceeds have not been appraised by a public financial institution or a scheduled commercial bank and our management will have broad discretion over utilization of the Net Proceeds.

44. ***We benefit from certain export benefits from the Government of India, which if withdrawn or modified may have an impact on our results operations.***

As on the date of this Draft Letter of Offer, our Company receives certain export benefits from the scheme such as Duty Drawback. Such export benefits enable the duty-free import of inputs required for the production of products which are to be exported. The withdrawal or modification of such export benefits may have an adverse effect on the cost of our imported raw materials, thereby having a significant impact on our results of operations.

45. ***Any downward revision of our credit ratings could result in an increase in the interest rates we would pay on any new borrowings and could decrease our ability to borrow as much money as we require to finance our business.***

Our credit ratings are Care BBB+ for long-term bank facilities and short-term bank facilities. Any downward revision of our credit ratings could result in an increase in the interest rates we would pay on any new debt and could decrease our ability to borrow as much money as we require to finance our business.

46. ***Certain original records are not available and accordingly, alternate documents and records have been relied upon in relation to certain disclosures made in the Draft Letter of Offer.***

Original records in relation to certain litigation, education qualification, etc involving our Company, Promoter, Directors and Subsidiary, are not currently available and accordingly, we have relied on certifications and affidavit provided by the Company or have not disclosed such matters in relation to the summaries appearing in the section “**Outstanding Litigation and Material Developments**” on page 172 of this Draft Letter of Offer.

47. ***If we fail to maintain an effective system of internal controls, we may not be able to successfully manage or accurately report our financial risks.***

Effective internal controls are necessary for us to prepare reliable financial reports and effectively avoid fraud. Moreover, any internal controls that we may implement, or our level of compliance with such controls, may deteriorate over time, due to evolving business conditions. There can be no assurance that additional deficiencies in our internal controls will not arise in the future, or that we will be able to implement and continue to maintain adequate measures to rectify or mitigate any such deficiencies in our internal controls.

## EXTERNAL RISK FACTORS

**48. *Slowdown in economic growth in India could cause our business to suffer.***

Our performance and growth are dependent on the health of the Indian economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any significant change may adversely affect our business and financials.

**49. *Financial instability in other countries may cause increased volatility in Indian and other financial markets.***

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in emerging markets in Asian countries. Financial turmoil in Asia, Europe, the United States and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have an adverse effect on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any global financial instability, including further deterioration of credit conditions in the U.S. market, could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our results of operations and financial condition.

The Indian economy is also influenced by economic and market conditions in other countries. This includes, but is not limited to, the conditions in the United States, Europe and certain economies in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and its business.

Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby impact the Indian economy. Financial disruptions in the future could adversely affect our business, prospects, financial condition and results of operations. The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections.

These could include greater volatility of markets in general due to the increased uncertainty. These and other related events could have a significant impact on the global credit and financial markets as a whole, and could result in reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the global credit and financial markets. There are also concerns that a tightening of monetary policy in emerging markets and some developed markets will lead to a moderation in global growth. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have had the intended stabilizing effects. Any significant financial disruption in the future could have an adverse effect on our cost of funding, loan portfolio, business, future financial performance and the trading price of the Equity Shares.

**50. *Changes in technology may render our current technologies obsolete or require us to make substantial capital investments and failure to respond to technological advancements and emerging standards and practices on a cost-effective and a timely basis may affect our results of operations.***

Modernization and technology up gradation is essential to reduce costs and increase the output. Our production may become obsolete or may not be upgraded timely, hampering our operations and financial conditions. In case of availability of an updated technology in the industry, we may be required to implement new technology as failure to respond to technological advancements and emerging standards and practices on a cost-effective and a timely basis may affect our results of operation. Further, the cost in upgrading our technology may be significant which could substantially affect our finances and operations.

**51. *Political, economic or other factors that are beyond our control may have an adverse effect on our business and results of operations.***

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located elsewhere, including India. Adverse economic developments, such as rising fiscal or trade deficit, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

We are dependent on domestic, regional and global economic and market conditions. Our performance, growth and market price of our Equity Shares are and will be dependent to a large extent on the health of the economy in which we operate. There have been periods of slowdown in the economic growth of India. Demand for our products may be adversely affected by an economic downturn in domestic, regional and global economies. Economic growth in the countries in which we operate is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports, global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production. Consequently, any future slowdown in the Indian economy could harm our business, results of operations and financial condition. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins.

**52. *Natural disasters, epidemics, pandemics, acts of war, terrorist attacks and other events could materially and adversely affect our business.***

Natural disasters (such as earthquakes, fire, typhoons, cyclones, hurricanes and floods), pandemics, epidemics, strikes, civil unrest, terrorist attacks and other events, which are beyond our control, may lead to global or regional economic instability, which may in turn materially and adversely affect our business, financial condition, cash flows and results of operations. Any of these occurrences could cause severe disruptions to our daily operations and may warrant a temporary closure of our facilities. Such closures may disrupt our business operations and adversely affect our results of operations. Our operation could also be disrupted if our customers or business partners are affected by such natural disasters or epidemics.

An outbreak or epidemic, such as SARS, the H1N1 and H5N1 viruses or COVID-19 could cause general consumption or the demand for various products to decline, which could result in reduced demand for our services. Such an outbreak or epidemic may significantly interrupt our business operations as health or governmental authorities may impose quarantine and inspection measures on us or our contractors, or restrict the flow of cargo to and from areas affected by the outbreak or epidemic.

Furthermore, certain regions in India have witnessed terrorist attacks and civil disturbances and it is possible that future terrorist attacks or civil unrest, as well as other adverse social, economic and political events in India could have a negative effect on us. Transportation facilities, including vehicles, can be targets of terrorist attacks, which could lead to, among other things, increased insurance and security costs. Regional and global political or military tensions or conflicts, strained or altered foreign relations, protectionism and acts of war or the potential for war could also cause damage and disruption to our business, which could materially and adversely affect our business, financial condition, cash flows and results of operations. Such incidents could create the perception that investments in Indian companies involve a higher degree of risk and such perception could adversely affect our business and the price of the Equity Shares. We may also face difficulty in accessing certain parts of India at certain times of the year or under adverse or inclement weather conditions.

**53. *Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.***

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholder's rights, including in relation to class actions, under Indian law may not be as extensive as shareholders rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction. Further, our Company's Articles of Association, composition of our Company's Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive and widespread as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as a shareholder in an Indian company than as a shareholder of an entity in another country or jurisdiction.

**54. *Adverse geopolitical conditions such as increased tensions between India and China, could adversely affect our business, results of operations and financial condition.***

Adverse geopolitical conditions such as increased tensions between India and China resulting in any military conflict in the region could adversely affect our business and operations. Such events may lead to countries imposing restrictions on the import or export of products or raw materials, among others, and affect our ability to procure raw materials required for our manufacturing operations. We could also be affected by the introduction of import tariffs in India, or in the countries to which we export our products, or changes in trade agreements between countries.

**55. *Significant differences exist between Ind AS used to prepare our financial information and other accounting principles, such as IFRS and U.S. GAAP, with which investors may be more familiar.***

Our audited financial statements contained in this Draft Letter of Offer have been prepared and presented in accordance with Ind AS and no attempt has been made to reconcile any of the information given in this Draft Letter of Offer to any other principles or to base it on any other standards. Ind AS differs from accounting principles with which prospective investors may be familiar, such as IFRS and U.S. GAAP. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial information included in this Draft Letter of Offer, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. U.S. GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the financial information included in this Draft Letter of Offer will provide meaningful information is dependent on your familiarity with Ind AS and the Companies Act. Any reliance by persons not familiar with Ind AS on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited.

**56. *Conditions in the Indian securities market and stock exchanges may affect the price and liquidity of our Equity Shares.***

Indian stock exchanges, which are smaller and more volatile than stock markets in developed economies, have in the past, experienced problems which have affected the prices and liquidity of listed securities of Indian companies. These problems include temporary exchange closures to manage extreme market volatility, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time-to-time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected. Further, a closure of, or trading stoppage on, either of the Stock Exchanges could adversely affect the trading price of our Equity Shares.

## **RISKS IN RELATION TO EQUITY SHARES**

**57. *Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.***

The Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renounees may not be able to apply in case of failure in completion of renunciation through off market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renounees prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renounee will not be able to apply in this Issue with respect to such Rights Entitlement.

**58. *SEBI has recently streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars, and in this Draft Letter of Offer.***

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI Rights Issue circulars and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. Further, while in accordance with the SEBI Rights Issue Circulars, the credit of Rights Entitlements shall be made into the demat accounts of the Eligible Equity Shareholders as on the Record Date, such Eligible Equity Shareholders shall be able to participate in the Issue only in accordance with the applicable laws in their respective jurisdictions.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Right Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI Listing Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the



ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States.

**59. *No market for the Right Entitlements may develop and the price of the Right Entitlements may be volatile.***

No assurance can be given that an active trading market for the Rights Entitlements will develop on the Stock Exchanges during the Renunciation Period or that there will be sufficient liquidity in Rights Entitlements trading during this period. The trading price of the Rights Entitlements will not only depend on supply and demand for the Rights Entitlements, which may be affected by factors unrelated to the trading in the Equity Shares, but also on the quoted price of the Equity Shares, amongst others. Factors affecting the volatility of the price of the Equity Shares, as described herein, may magnify the volatility of the trading price of the Rights Entitlements, and a decline in the price of the Equity Shares will have an adverse impact on the trading price of the Rights Entitlements. Since the trading of the Rights Equity Shares will be on a separate segment compared to the Equity Shares on the floor of the Stock Exchanges, the trading of Rights Equity Shares may not track the trading of Equity Shares. The trading price of the Rights Entitlements may be subject to greater price fluctuations than that of the Equity Shares.

**60. *We cannot guarantee that the Equity Shares issued under this Issue will be listed on the Stock Exchanges in a timely manner, if at all.***

In accordance with Indian law and practice, after our Board or committee passes the resolution to allot the Equity Shares but prior to crediting such Equity Shares into the Depository Participant accounts of the investors, we are required to apply to the Stock Exchanges for final approval for listing and trading of the Equity Shares. There could be a failure or delay in obtaining these approvals from the Stock Exchanges, which in turn could delay the listing of the Equity Shares on the Stock Exchanges. There can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period. Any failure or delay in obtaining these approvals would restrict your ability to dispose of your Equity Shares. Further, historical trading prices, may not be indicative of the prices at which the Equity Shares will trade in the future.

**61. *Any future issuance of Equity Shares by us or sales of our Equity Shares by any of our significant shareholders may adversely affect the trading price of our Equity Shares.***

Any future issuance of our Equity Shares by us could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares and could impact our ability to raise capital through an offering of our securities. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

**62. *Foreign investors are subject to foreign investment restrictions under Indian law that limit our ability to attract foreign investors, which may adversely affect the trading price of our Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where

there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

**63. *Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.***

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Previously, any gain realized on the sale of listed equity shares on or before March 31, 2018 on a stock exchange held for more than 12 months was not subject to long-term capital gains tax in India if securities transaction tax ("STT") was paid on the sale transaction. However, the Finance Act, 2018, now seeks to tax on such long-term capital gains exceeding ₹ 100,000 arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealized capital gains earned up to January 31, 2018 on such Equity Shares. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which our Equity Shares are sold. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of our Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of our Equity Shares Rights Entitlements.

Further, the Finance Act, 2019, which has been notified with effect from April 1, 2019, stipulates the sale, transfer and issue of securities through exchanges, depositories or otherwise to be charged with stamp duty. The Finance Act has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. These amendments have been notified on December 10, 2019; however, these amendments will come into effect from July 1, 2020. The Finance Act, 2020 has also provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and that dividend distribution tax will not be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident.

**64. *Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date.***

In terms of the SEBI ICDR Regulations, Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Equity Shares to the Applicant's demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation, cash flows or financial condition, or other events affecting the Applicant's decision to invest in the Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market

price of our Equity Shares. The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of the Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

**65. *Overseas shareholders may not be able to participate in the Company's future rights offerings or certain other equity issues.***

If our Company offers or causes to be offered to holders of its Equity Shares rights to subscribe for additional Equity Shares or any right of any other nature, our Company will have discretion as to the procedure to be followed in making such rights available to holders of the Equity Shares or in disposing of such rights for the benefit of such holders and making the net proceeds available to such holders. For instance, our Company may not offer such rights to the holders of Equity Shares who have a registered address in the United States. Our Company has no obligation to prepare or file any registration statement. Accordingly, shareholders who have a registered address in the United States may be unable to participate in future rights offerings and may experience a dilution in their holdings as a result.

**66. *The Issue Price of the Rights Equity Shares may not be indicative of the market price of the Equity Shares after the Issue.***

The Issue Price of the Rights Equity Shares will be determined by our Company in consultation with the Lead Manager. This price may not be indicative of the market price for the Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

**67. *You may not receive the Equity Shares that you subscribe in the Issue until fifteen days after the date on which this Issue closes, which will subject you to market risk.***

The Equity Shares that you subscribe in the Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

**68. *Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.***

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of salaries, and other expenses relevant to our business.

**69. *Holdings of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.***

Under the Companies Act, any company incorporated in India must offer its holders of equity shares

pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless our Company has obtained government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

- 70. *Our future fund requirements, in the form of further issue of capital or securities and/or loans taken by us, may be prejudicial to the interest of the Shareholders depending upon the terms on which they are eventually raised.***

We may require additional capital from time to time depending on our business needs. Any further issue of Equity Shares or convertible securities would dilute the shareholding of the existing Shareholders and such issuance may be done on terms and conditions, which may not be favourable to the then existing Shareholders. If such funds are raised in the form of loans or debt or preference shares, then it may substantially increase our fixed interest/dividend burden and decrease our cash flows, thus adversely affecting our business, results of operations and financial condition.

- 71. *Any future issuance of Equity Shares, or convertible securities or other equity-linked securities by our Company may dilute your shareholding and any sale of Equity Shares by our Promoter or members of our Promoter Group may adversely affect the trading price of the Equity Shares.***

Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by our Company may dilute your shareholding in our Company; adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares. The disposal of Equity Shares by any of our Promoter and Promoter Group, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. We cannot assure you that our Promoter and Promoter Group will not dispose of, pledge or encumber their Equity Shares in the future.

## SECTION III – INTRODUCTION

### THE ISSUE

This Issue has been authorized by way of a resolution passed by our Board on November 05, 2022 pursuant to section 62(1)(a) of the Companies Act, 2013 and other applicable provisions. The terms of the Issue including the Record Date and Rights Entitlement Ratio will be determined by the Rights Issue Committee in their meeting held on [●].

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, detailed information included in “*Terms of the Issue*” beginning on page 183 of this Draft Letter of Offer.

<b>Rights Equity Shares being offered by our Company</b>	Up to [●] Rights Equity Shares
<b>Rights Entitlement</b>	Up to [●] Rights Equity Share for every [●] fully paid-up Equity Share(s) held on the Record Date.
<b>Record Date</b>	[●]
<b>Face value per equity share</b>	₹ 10.00/- each
<b>Issue Price per Rights Equity Shares</b>	₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share).
<b>Dividend</b>	Such dividend as may be declared by our Board and our shareholders, as per applicable law
<b>Issue Size (Rights Size)</b>	Upto ₹ [●] partly paid-up equity shares of face value of ₹ 10 each for cash at a price of ₹ [●] (Including a premium of ₹ [●]) per Rights Equity Share not exceeding an amount of ₹ 4960.00 Lakhs <sup>#</sup> . <i>#To be adjusted as per the Rights Entitlement ratio and assuming full subscription.</i>
<b>Voting Rights</b>	The Rights Equity Shares issued pursuant to this Issue shall rank pari pasu in all respects with the Equity Shares of our Company.
<b>Equity Shares subscribed, paid-up and outstanding prior to the Issue</b>	75,84,477 Equity Shares For details, please see section titled “ <i>Capital Structure</i> ” beginning on page 55 of this Draft Letter of Offer.
<b>Equity Shares subscribed, paid-up and outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)</b>	[●] <sup>#</sup> <i>#Assuming full subscription and receipt of all Calls Monies with respect to the Rights Equity Shares</i>
<b>Security codes for the Equity Shares</b>	<b>ISIN for Equity Shares:</b> INE09EO01013 <b>NSE Symbol:</b> AARTISURF <b>BSE Scrip ID:</b> AARTISURF and <b>BSE Scrip Code:</b> 543210
<b>ISIN for Rights Entitlements</b>	[●]
<b>ISIN for Partly paid up shares</b>	[●]
<b>Terms of the Issue</b>	For details, please see section titled “ <i>Terms of the Issue</i> ” beginning on page 183 of this Draft Letter of Offer.
<b>Use of Issue Proceeds</b>	For details, please see section titled “ <i>Objects of the Issue</i> ” beginning on page 58 of this Draft Letter of Offer.

#### Terms of Payment

(Amount in ₹)

Amount Payable per Right Equity Share	Face Value	Premium	Total
---------------------------------------	------------	---------	-------

On Application	[●]	[●]	[●]
On One or more subsequent Call(s) as determined by our Board at its sole discretion, from time to time*	[●]	[●]	[●]
<b>Total</b>	[●]	[●]	[●]

*For details in relation to fractional entitlements, please see section titled “**Terms of the Issue – Fractional Entitlements**” beginning on page 199 of this Draft Letter of Offer.*

## GENERAL INFORMATION

Our Company was incorporated as “Arti Surfactants Limited”, a public limited company under the provision of the Companies Act, 2013 vide certificate of incorporation dated June 18, 2018 bearing CIN: U24100GJ2018PLC102891. Further, pursuant to National Company Law Tribunal order dated June 10, 2019 on scheme of demerger pursuant to which the business of Home and Personal Care division of Aarti Industries Limited has been demerged and transferred into the Company. In accordance with the said order the name of “Arti Surfactants Limited” has been changed to “Aarti Surfactants Limited” with effect from July 08, 2019. The Equity Shares of our Company were listed on BSE Limited and National Stock Exchange of India Limited on July 14, 2020.

### REGISTRAR OF COMPANIES

Our Company is registered with the Registrar of Companies, Ahmedabad, Gujarat.

ROC Bhavan, Opposite Rupal Park Society,  
Behind Ankur Bus Stop,  
Naranpura, Ahmedabad-380013, Gujarat.

### REGISTRATION NUMBER AND CORPORATE IDENTITY NUMBER OF OUR COMPANY

**Registration No.:** 102891

**Corporate identity number.:** L24100GJ2018PLC102891

### DETAILS OF CHANGES IN REGISTERED OFFICE OF OUR COMPANY

The Company is in the process of shifting its Registered Office from the state of Gujarat to the state of Madhya Pradesh and is awaiting shareholders’ approval in this regard as mentioned below:

From	To	Date of Shareholder Approval
State of Gujarat” situated at Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi-396 195, District Valsad, Gujarat	Plot no 57, 58, 60 to 64, 62A, S-3/1, Sector-3, Sagore Village, Pithampur Industrial Area, District Dhar - 454775, Madhya Pradesh.	Our Company is obtaining approval from shareholder through postal ballot notice dated November 05, 2022.

### BOARD OF DIRECTORS

The following table sets out the brief details of our Board as on the date of this Draft Letter of Offer:

NAME	DIN	DESIGNATION	AGE	ADDRESS
Mulesh Manilal Savla	07474847	Chairman and Non-Executive Independent Director	58	604, Kavita, R. B. Mehta Marg, Ghatkopar East, Mumbai – 400077, Maharashtra, India.
Nikhil Parimal Desai	01660649	Managing Director	44	A-1403, Runwal Heights, L.B.S. Road, Opp. Nirmal Lifestyle, Mulund West, Mumbai-400080, Maharashtra, India.
Santosh Madhaorao Kakade	08505234	Executive Director	51	Plot No. 75, Aditi Vihar Colony, Mhowgaon, Bhatkhedi, Mhow- 453441, Madhya Pradesh, India.
Shri Chandrakant Vallabhaji Gogri	00005048	Non-Executive Non-Independent Director	76	1801, Richmond Tower, Cliff Avenue, Hiranandani Garden, Near Hiranandani School, Powai, Mumbai-400076, Maharashtra, India.

NAME	DIN	DESIGNATION	AGE	ADDRESS
Dattatray Sidram Galpalli	01853463	Non-Executive Non-Independent Director	63	B-301, Rajhans Complex, Chharwada Road, Opp. Macromol, Vapi-Pardi, Valsad- 396191, Gujrat, India.
Misha Bharat Gala	08523865	Non-Executive - Independent Director	32	335, Bldg No. 9, Gulmarg Tarang Co - Op Housing Society, Shailendra Nagar, S. V Road, Dahisar East, Mumbai – 400068, Maharashtra, India.

For further details of our Board of Directors, please see the section titled “**Our Management**” beginning on page 88 of this Draft Letter of Offer.

#### CHIEF FINANCIAL OFFICER

Nitesh Medh

**Tel No :** +91 22 6797 6666

**Email ID:** [nitesh.medh@aarti-surfactants.com](mailto:nitesh.medh@aarti-surfactants.com)

#### COMPANY SECRETARY & COMPLIANCE OFFICER

**Priyanka Chaurasia**

**Address:** Flat No.18, Bldg No. M-7, 4<sup>th</sup> Floor, Rajmata Co-Hsg Ltd., Kashish Park, Near Tip Top Plaza Hotel, Thane West-400604

**Tel No.:** +91 22 6797 6666

**Email:** [investors@aarti-surfactants.com](mailto:investors@aarti-surfactants.com)

The details of Intermediaries are as follows:

LEAD MANAGER TO THE OFFER	REGISTRAR TO THE ISSUE
<p><b>Fedex Securities Private Limited</b> 3rd Floor, B Wing, Jay Chambers, Dayaldas Road, Vile Parle (East), Mumbai – 400 057, Maharashtra, India. <b>Tel No.:</b> +91 81049 85249 <b>E-mail:</b> mb@fedsec.in <b>Website:</b> www.fedsec.in <b>Contact Person:</b> Radhika Maheshwari <b>SEBI Registration Number:</b> INM000010163 <b>Investor Grievance E-Mail:</b> <a href="mailto:mb@fedsec.in">mb@fedsec.in</a></p>	<p><b>Link Intime India Pvt. Ltd</b> C 101, 1st floor, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400083, Maharashtra, India <b>Tel No:</b> + 91 81081 14949 <b>E-mail:</b> <a href="mailto:aartisurfactants.rights@linkintime.co.in">aartisurfactants.rights@linkintime.co.in</a> <b>Contact Person:</b> Sumeet Deshpande <b>Website:</b> <a href="http://www.linkintime.co.in">www.linkintime.co.in</a> <b>SEBI Registration No.:</b> INR000004058</p>
STATUTORY & PEER REVIEW AUDITOR	LEGAL ADVISOR
<p><b>Gokhale &amp; Sathe, Chartered Accountants</b> 308, 309 Udyog Mandir No. 1, 7-C Bhagoji Keer Marg, Mahim, Mumbai- 40016, Maharashtra, India. <b>Telephone:</b> +91-022-2243484242 <b>Email:</b> <a href="mailto:tejas@gokhalesathe.in">tejas@gokhalesathe.in</a> <b>Contact Person:</b> Tejas Parikh <b>Peer Review No.:</b> 012211 <b>Firm Registration No.:</b> 103264W <b>Membership No.:</b> 123215</p>	<p><b>Vidhigya Legal</b> B 1202, Tilak Bhavna, Tilak Nagar, Mumbai – 400089, Maharashtra, India <b>Tel:</b> +91 744 071 2376 <b>Email Id:</b> vidhigyaassociates@gmail.com <b>Contact Person:</b> Vijeta Mishra</p>
BANKERS TO THE ISSUE	BANKERS TO THE COMPANY
<p><b>Axis Bank Limited</b> Ground Floor, Neptune Uptown Building, N S Road, Mulund West, Mumbai, Maharashtra, India. <b>Tel No:</b> +91 91670 01081</p>	<p><b>SVC Co-operative Bank Limited</b> Shop No. 2-5, A - Wing, Ground Floor, Vakratunda Palace CHSL, Off. LBS Marg, Tank Road, Bhandup West, Mumbai - 400078. <b>Tel No:</b> +91 9820988291</p>



<p><b>Email Id:</b> <a href="mailto:mulund.branchhead@axisbank.com">mulund.branchhead@axisbank.com</a>  <b>Website:</b> <a href="http://www.axisbank.com">www.axisbank.com</a>  <b>Contact Person:</b> G Shankar  <b>SEBI Registration No.:</b> INBI00000017</p>	<p><b>Email Id:</b> [●]  <b>Website:</b> [●]  <b>Contact Person:</b> Sachin S Vanjare</p> <hr/> <p><b>The Hongkong and Shanghai Banking Corporation Limited</b>  52/60, Mahatma Gandhi Road,  P.O Box 631, Mumbai – 400001, India.  <b>Tel No:</b> +91 9811345375  <b>Email Id:</b> <a href="mailto:info@hsbc.co.in">info@hsbc.co.in</a>  <b>Website:</b> <a href="http://www.hsbc.co.in">www.hsbc.co.in</a>  <b>Contact Person:</b> Akhil Singhal</p>
--	--

### Investor Grievances

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue or post- Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue , with a copy to the SCSB (in case of ASBA process), giving full details such as name, address of the applicant, contact number(s), e-mail address of the sole/ first holder, folio number or demat account, number of Equity Shares applied for, amount blocked (in case of ASBA process), ASBA Account number and the Designated Branch of the SCSB where the Application Forms, or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process).

For details on the ASBA process, please see the section titled “*Terms of the Issue*” beginning on page 183 of this Draft Letter of Offer.

### Expert

Our Company has received written consent dated November 25, 2022 from the Statutory Auditors, Gokhale & Sathe, Chartered Accountants to include their name as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations in this Draft Letter of Offer as an “expert” as defined under Section 2(38) of the Companies Act 2013 to the extent and in its capacity as an independent Statutory Auditor and in respect of its (i) examination report dated November 25, 2022 on our Restated Standalone Financial Information for the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020; ii) examination report dated November 25, 2022 on our Restated Consolidated Financial Information for the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020; and (iii) the statement of tax benefits dated December 02, 2022 in this Draft Letter of Offer and we also received consent from Priyanka Shah, Cost Accountant in respect of issue of Certificate for Capacity and Capacity Utilization and such consent has not been withdrawn as on the date of this Draft Letter of Offer. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act, 1933.

### DESIGNATED INTERMEDIARIES

#### Self-Certified Syndicate Banks (“SCSBs”)

The lists of SCSBs notified by SEBI to act as SCSB for the ASBA process is available on the website of SEBI on <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>. For details of the Designated Branches of SCSBs collecting the Application Forms, please refer to the above-mentioned SEBI link. On Allotment, the amount will be unblocked, and the account will be debited only to the extent required to pay for the Rights Equity Shares allotted.

#### Registrar to the Issue and Share Transfer Agents (“RTA”)

In terms of SEBI circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, the list of the RTAs eligible to accept Applications forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided on the website of the SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)), and updated from time to time. For details on RTA, please refer <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>.

#### Collecting Depository Participants (“CDP”)

In terms of SEBI circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, the list of the CDPs

eligible to accept Bid cum Application Forms at the Designated CDP Locations, including details such as name and contact details, are provided on the website of Stock Exchange. The list of branches of the SCSBs named by the respective SCSBs to receive deposits of the Bid cum Application Forms from the Designated Intermediaries will be available on the website of the SEBI (**Error! Hyperlink reference not valid.** updated from time to time).

#### **STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITIES**

Fedex Securities Private Limited being the sole Lead Manager to this Issue, all the responsibilities relating to co-ordination and other activities in relation to the Issue shall be performed by them. Hence, a statement of inter-se allocation of responsibilities is not required.

#### **CREDIT RATING**

This being a Rights Issue of Equity Shares, credit rating is not required.

#### **DEBENTURE TRUSTEES**

Since this is not a debenture issue, appointment of debenture trustee is not required.

#### **MONITORING AGENCY**

Since the Issue size does not exceed ₹10,000.00 lakhs, there is no requirement to appoint a monitoring agency in relation to the Issue under SEBI ICDR Regulation.

#### **UNDERWRITING**

This Rights Issue is not underwritten.

#### **CHANGES IN STATUTORY AUDITORS DURING THE LAST THREE YEARS**

There has been no change in the Statutory Auditors of our Company during the last three years preceding the date of this Draft Letter of Offer.

#### **FILING**

SEBI vide the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from ₹ 10 crores to ₹ 50 crores.

Since the size of this Issue falls below this threshold, this Draft Letter of Offer will be filed with the Stock Exchanges i.e BSE Limited and The National Stock Exchanges of India Limited and not with SEBI. The letter of Offer shall be submitted with Stock Exchanges and SEBI for information and dissemination purpose as per the provisions of the SEBI ICDR Regulations.

Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Draft Letter of Offer / Letter of Offer to the e-mail address: [cfddil@sebi.gov.in](mailto:cfddil@sebi.gov.in) .

#### **MINIMUM SUBSCRIPTION**

As the object of the Issue does not involve financing of capital expenditure, and as our Promoter and Promoter Group, through their letter dated December 09, 2022 has confirmed their intention to subscribe to the full extent of their aggregate Rights Entitlements in the Issue and not to renounce their Rights Entitlements except to the extent of renunciation within the Promoter and Promoter Group. Accordingly, the minimum subscription criteria mentioned under the SEBI ICDR Regulations will not be applicable to the Issue.

However, the Promoter and members of Promoter group have given their intention to subscribe to additional Rights Equity Shares, over and above their Rights Entitlements (including the unsubscribed portion in the Issue, if any) jointly or severally, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations in order to achieve the minimum subscription of 90% of the Issue in accordance with Regulation 86 of the SEBI ICDR Regulations.

#### **ISSUE SCHEDULE**

Particulars	Day and Date
Last Date for credit of the Rights Entitlements	[●]
Issue Opening Date	[●]
Last Date for On Market Renunciation of the Rights Entitlements #	[●]
Issue Closing Date*	[●]
Finalization of Basis of Allotment (on or about)	[●]
Date of Allotment (on or about)	[●]
Date of credit (on or about)	[●]
Date of listing (on or about)	[●]

*#Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

*\*Our Board or the Rights Issue Committee will have the right to extend the Offer Period as it may determine from time to time but not exceeding 30 days from the Offer Opening Date (inclusive of the Offer Opening Date) or such other time as may be permitted as per applicable law. Further, no withdrawal of Application shall be permitted by any Applicant after the Offer Closing Date.*

The above schedule is indicative and does not constitute any obligation on our Company.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than 2 (Two) Working Days prior to the Offer Closing Date, i.e., [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least 1 (One) day before the Offer Closing Date, i.e., [●].

Investors are advised to ensure that the Applications are submitted on or before the Offer Closing Date. Our Company, the Lead Manager or the Registrar will not be liable for any loss on account of non-submission of Applications on or before the Offer Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date. For details on submitting Application Forms, please refer to the section titled “*Terms of the Issue*” beginning on page 183 of this Draft Letter of Offer.

**Please note that if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Offer Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Offer Closing Date. No Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the amount paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an application to apply for Rights Shares offered under Rights Issue for subscribing to the Rights Shares offered under Offer.**

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar at [www.linkintime.co.in](http://www.linkintime.co.in) after keying in their respective details along with other security control measures implemented there at. For further details, please refer to the paragraph titled see ‘*Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*’ under the section titled “*Terms of the Issue*” beginning on page 195 of this Draft Letter of Offer.

## CAPITAL STRUCTURE

The Share Capital of our Company as on the date of this Draft Letter of Offer and after the proposed Issue is set forth below:

*(Amount in ₹ Lakhs, except the share data)*

Sr. No.	Particulars	Aggregate value at	
		Face value	Issue Price
<b>1</b>	<b>AUTHORISED SHARE CAPITAL</b>		
	3,18,70,000 Equity Shares of face value of ₹ 10.00/- each	3,187.00	-
	81,30,000 Non-Convertible Redeemable Preference Shares of face value of ₹ 10.00/- each	813.00	-
<b>2</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL</b>		
	75,84,477 fully paid-up Equity Shares of face value of ₹ 10.00/- each	758.45	-
	10,82,387 Non-Convertible Redeemable Preference Shares of face value of ₹ 10.00/- each	108.24	
<b>3</b>	<b>PRESENT ISSUE IN TERMS OF THE LETTER OF OFFER <sup>(*)</sup>(#)</b>		
	Up to [●] partly paid-up Equity shares of face value of ₹ 10.00/- each at a price of ₹ [●] per Equity Share	[●]	Upto 4960.00
<b>4</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP EQUITY SHARE CAPITAL AFTER THE ISSUE <sup>(#)</sup></b>		
	Up to [●] fully paid-up Equity Shares of face value ₹ 10.00/- each	758.45	
	Up to [●] partly paid-up Equity shares of face value of ₹ 10.00/- each at a price of ₹ [●] per Equity Share	[●]	
<b>5</b>	<b>SECURITIES PREMIUM ACCOUNT</b>		
	Before the Issue as on March 31, 2022		Nil
	After the Issue <sup>#</sup>		[●]

*\*The present Issue has been authorised by the Board of Directors vide a resolution at its meeting held on November 05, 2022 pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013.*

*# Assuming full subscription for and allotment of the Rights Entitlement.*

### Notes to the Capital Structure

- As on date of this Draft Letter of Offer, no Equity Shares of our Company held by our Promoters and member of Promoter Group are locked in, pledged or encumbered.
- Our Company shall ensure that any transaction in the Equity Shares by our Promoters and member of Promoter Group during the period between the date of filing this Draft Letter of Offer and the Issue Closing Date shall be reported to the Stock Exchanges within 24 hours of such transaction.
- At any given time, there shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time;
- The Equity Shares of our Company are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Letter of Offer. The Rights Equity Shares, when issued shall be partly paid up. For details on the terms of this Issue, see “**Terms of the Issue**” on page 183 of this Letter of Offer.;
- As on the date of this Draft Letter of Offer, our Company has not issued any special voting right Shares and there are no outstanding Equity Shares having special voting rights;
- As on the date of this Draft Letter of Offer, our Company does not have any outstanding warrants, outstanding instruments with an option to convert or securities which are convertible later into Equity Shares;
- As on the date of this Draft Letter of Offer, our Company does not have an employee stock option scheme or employee stock purchase scheme.

8. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the Takeover Regulations is ₹ [●]/- per equity share.

### Shareholding pattern

Shareholding pattern of our Company as per the last filing with the Stock Exchanges in compliance with the provisions of the SEBI Listing Regulations:

- The statement showing holding of the Equity Shares as on September 30, 2022, can be accessed on the website of the BSE at <https://www.bseindia.com/stock-share-price/aarti-surfactants-ltd/aartisurf/543210/qtrid/115.00/shareholding-pattern/Sep-2022/> & on the website of NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=AARTISURF&tabIndex=equity>
- The statement showing holding of the Equity Shares of the persons belonging category to the “Promoter and Promoter Group” as on September 30, 2022, can be accessed on the website of the BSE at <https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=543210&qtrid=115.00&QtrName=Sep-22> & on the website of NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=AARTISURF&tabIndex=equity>
- The statement showing holding of the Equity Shares of persons belonging to the category “Public shareholders” as on September 30, 2022, can be accessed on the website of the BSE at <https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=543210&qtrid=115.00&QtrName=Sep-22> & on the website of NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=AARTISURF&tabIndex=equity>
- The statement showing holding of the Equity Shares of persons belonging to the category “Non-Promoter-Non-Public shareholder” as on September 30, 2022 can be accessed on the website of the BSE at <https://www.bseindia.com/corporates/shpNonProPublic.aspx?scripcd=543210&qtrid=115.00&QtrName=Sep-22> & on the website of NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=AARTISURF&tabIndex=equity>
- The statement showing holding of the Equity Shares of persons belonging to the category “Trading Members” holding more than 1% or more of the Total Shares as on September 30, 2022, can be accessed on the website of the BSE at <https://www.bseindia.com/corporates/shpdrPercent.aspx?scripcd=543210&qtrid=115.00&CompName=Aarti%20Surfactants%20Ltd&QtrName=Sep-22&Type=TM> & on the website of NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=AARTISURF&tabIndex=equity>
- The statement showing holding of the Equity Shares of persons belonging to the category significant beneficial owners as on September 30, 2022 can be accessed on the website of the BSE at <https://www.bseindia.com/stock-share-price/aarti-surfactants-ltd/aartisurf/543210/qtrid/115.00/shareholding-pattern/Sep-2022/> & on the website of NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=AARTISURF&tabIndex=equity>

The list of shareholders holding 1% or more of the paid-up capital of our Company as on September 30, 2022, is as under:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage of the pre-Issue capital (in %)
1	Shri Parimal Hasmukhlal Desai	1,06,646	1.41
2	Jaya Chandrakant Gogri	11,36,216	14.98
3	Rashesh Chandrakant Gogri	3,83,438	5.06
4	Hetal Gogrigala	2,61,553	3.45
5	Tarla ParimalDesai	1,00,000	1.32
6	Nikhil Parimal Desai	80,333	1.06
7	Nikhil Holdings Private Limited	5,53,874	7.3
8	Saswat Trusteeship Private Limited	2,50,000	3.3

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage of the pre-Issue capital (in %)
9	Anushakti Enterprise Private Limited	2,49,250	3.29
10	Mulraj Chandulal Gala	1,01,756	1.34
11	Dhiren Kishore Shah	1,21,075	1.60
12	Pradeep Kumar Sonthalia	84,092	1.11
13	Tarla Kishorekumar Shah	83,575	1.10
14	Panbai Welfare Foundation	1,00,000	1.32
15	Padmika Projects LLP	2,46,037	3.24

**Intention and extent of participation by our Promoters and Promoter Group:**

Pursuant to the letter dated December 09, 2022, our Promoters and members of the Promoter Group, has undertaken that they will (a) subscribe, jointly and / or severally to the extent of our Rights Entitlements; (b) subscribe to the extent of any Rights Entitlement that may be renounced in our favour by any other Promoters or Member(s) of the Promoter Group of our Company and shall not renounce right entitlement to any other person excluding the Promoters or Member(s) of the Promoter Group of our Company; (c) subscribe to, either individually or jointly and / or severally with any other Promoters or Member(s) of the Promoter Group, for additional Rights Equity Shares over and above their entitlement, including subscribing to the unsubscribed portion (if any) in this Issue.

The aforementioned subscription of Rights Equity Shares and Additional Rights Shares by our Promoter, if allotted shall not result in a change of control of the management of our Company and shall not result in an obligation on our Promoter to make an open offer to the public shareholders of our Company in terms of the SEBI Takeover Regulations. Further, as on the date of this Letter of Offer, our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under applicable laws, pursuant to this Issue.



## OBJECTS OF THE ISSUE

The Net Proceeds from the Issue are proposed to be utilised by our Company for the following objects (collectively referred to as "Objects"):

1. To meet Working Capital requirements
2. General Corporate Purposes

The main objects clause and objects incidental or ancillary to the main objects as set out in the Memorandum of Association enables our Company to undertake its existing activities and the activities for which funds are being raised by our Company through the Issue.

In addition to the aforementioned objects, our Company intends to strengthen its capital base.

### Net Proceeds

The details of the proceeds of the Issue are summarised in the table below:

Particulars	Estimated Amount (₹ In lakhs)
Gross Proceeds from the Issue*#	Upto 4960.00
Less: Issue Related Expenses#	[•]
<b>Net Proceeds</b>	<b>[•]</b>

*\*Assuming full subscription and Allotment of the Rights Entitlement*

*# To be finalised upon determination of the Issue Price and updated in the Letter of Offer prior to filing with Stock Exchanges*

### Utilization of Net Proceeds and schedule of implementation and deployment

The Net Proceeds are currently expected to be deployed in accordance with the schedule set forth below:

(₹ In Lakhs)			
Particulars	Amount to be funded from Net Proceeds	Estimated utilisation of Net Proceeds in FY 2022-23	Estimated utilisation of Net Proceeds in FY 2023-24
To meet Working Capital requirements	Upto 3720.00	Upto 1970.00	Upto 1750.00
General corporate purposes *	Upto 1240.00	Upto 240.00	Upto 1000.00

*\*To be finalized upon determination of Issue Price and updated in the Letter of Offer. The amount shall not exceed 25% of the Gross Proceeds.*

Given the dynamic nature of our business, we may have to revise our funding requirements and deployment on account of a variety of factors such as our financial condition, business strategy and external factors such as market conditions, competitive environment, interest or exchange rate fluctuations, taxes and duties, working capital margin and other external factors which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose, at the discretion of our management. In case of a shortfall in raising requisite capital from the Net Proceeds towards meeting the Objects, business considerations may require us to explore a range of options including utilising our internal accruals and seeking additional debt from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls. To the extent our Company is unable to utilise any portion of the Net Proceeds towards the aforementioned objects, per the estimated scheduled of deployment specified above, our Company shall deploy the Net Proceeds in subsequent financial years towards the aforementioned objects

The above fund requirements are based on our current business plan, internal management estimates and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to revisions in light of changes in external circumstances or costs, or our financial condition, business or strategy. For further details of factors that may affect these estimates, see "**Risk Factors - Our funding requirements and the proposed deployment of Net Proceeds have not been appraised by a public financial institution or a scheduled commercial bank and our management will have broad discretion over utilization of the Net Proceeds.**" beginning on page no. 24 of this Draft Letter of Offer.

## Details of the Objects of the Issue

### 1. To meet the working capital requirements

We fund the majority of our working capital requirements in the ordinary course of our business from our internal accruals, networth, borrowings, unsecured loans from banks, body corporates, related party and others. As on March 31, 2022, the amount outstanding on our Company's fund based and non-fund based working capital facilities was ₹4999.03 Lakhs and ₹ 474.00 Lakhs and, respectively, as per Restated Audited Financial Statements.

Our Company requires additional working capital for funding its working capital requirements in the Financial Year 2023 and Financial Year 2024 for executing our growth plan. The funding of the working capital requirements of our Company will lead to a consequent increase in our profitability.

Set forth below are the current assets and working capital requirement of our Company as on March 31, 2022, March 31, 2021 and March 31, 2020 as per the Restated Audited Financial Statement and as certified by Statutory Auditor Gokhale & Sathe, Chartered Accountant by way of their certificate dated December 9, 2022.

#### ***Basis of estimation of working capital requirement***

Details of Company's working capital, on the basis of Restated Audited Financial Statement, as at March 31, 2020, March 31, 2021 and March 31, 2022 and source of funding of the same are provided in the table below:

**(₹ In lakhs)**

Sr No	Particulars	As at March 31, 2022 (Restated)	As at March 31, 2021 (Restated)	As at March 31, 2020 (Restated)
<b>I</b>	<b>Current assets</b>			
	Inventories	7482.44	7318.88	5648.84
	Trade receivables	5446.70	5443.20	1791.99
	Other Financial Assets & Other Current Assets	4877.08	4104.09	1985.32
	<b>Total Current Assets (A)</b>	<b>17806.22</b>	<b>16866.27</b>	<b>9426.15</b>
<b>II</b>	<b>Current liabilities</b>			
	Trade payables	7009.30	7810.67	1924.41
	Other Current Liabilities* and Provisions	2888.22	2930.54	1851.22
	<b>Total current liabilities (B)</b>	<b>9897.52</b>	<b>10741.21</b>	<b>3777.63</b>
	<b>Net working capital (A – B)</b>	<b>7908.70</b>	<b>6125.06</b>	<b>5650.52</b>
<b>III</b>	<b>Sources of funds</b>			
	Borrowings	4999.03	5705.03	6017.89
	Internal accruals / Equity	2909.67	420.03	-
	<b>Total Means of Finance</b>	<b>7908.70</b>	<b>6125.06</b>	<b>6017.89</b>

*Note:*

1. Cash & Cash Equivalent is not considered as part of Current Assets.
2. Other Current Liabilities includes: Current Maturity of Long-Term Debt and ICD.

For further details, please see the section titled "**Restated Financial Statements**" on page 103 of this Draft Letter of Offer.

#### **Expected working capital requirements**

Details of the Company's projected working capital requirements for Financial Year, together with the assumptions and justifications, and the proposed funding of such working capital requirements, are as set forth below:

**(₹ In lakhs)**



Sr. No.	Particulars	Estimated amount as on March 31, 2023*	Estimated amount as on March 31, 2024*
<b>I</b>	<b>Current assets</b>		
	Inventories	8766.04	10050.63
	Trade receivables	9138.06	10509.00
	Other Current Assets	3904.88	4904.88
	<b>Total Current Assets (A)</b>	<b>21809.18</b>	<b>25464.51</b>
<b>II</b>	<b>Current liabilities (excluding borrowings)</b>		
	Trade payables	7024.58	9255.52
	Other Current Liabilities and Provisions	3860.24	5348.07
	<b>Total current liabilities (B)</b>	<b>10884.82</b>	<b>14603.59</b>
<b>III</b>	<b>Net working capital requirements (A – B)</b>	<b>10924.36</b>	<b>10860.92</b>
	<b>Sources of funds</b>		
	Borrowings	7196.75	8929.39
	Internal accruals / Equity	1757.61	181.53
	Issue Proceeds	1970.00	1750.00
	<b>Total Means of Finance</b>	<b>10924.36</b>	<b>10860.92</b>

Note:

1. Cash & Cash Equivalent is not considered as part of Current Assets.
2. Other Current Liabilities includes: Current Maturity of Long-Term Debt and ICD.

\*Certified by Statutory Auditors, Gokhale & Sathe, Chartered Accountants pursuant to their certificate dated December 09, 2022.

Our Company proposes to utilize upto ₹ 3720.00 Lakhs from the Net Proceeds towards funding our working capital requirements. In addition to the Net Proceeds, our Company expects that the funding pattern for working capital requirements for Fiscals 2023 and Fiscal 2024 will comprise of borrowings and internal accruals.

The table below contains the details of the assumptions considered and is derived from the Restated Audited Financial Statements for Fiscal 2020, Fiscal 2021, Fiscal 2022 and the estimations for Fiscal 2023 and Fiscal 2024 and the assumptions based on which the working plan projections has been made and approved by our Board of Directors.

Assumptions for our estimated working capital requirement:

(in days)

Particulars	Holding Levels (March 31, 2024)*	Holding Levels (March 31, 2023)*	Holding Levels (March 31, 2022)*	Holding Levels (March 31, 2021)*	Holding Levels (March 31, 2020)*
Inventories	30.69	29.56	29.44	29.99	36.69
Trade receivables	49.56	49.56	34.86	42.89	20.41
Trade payables	48.13	40.41	47.40	62.80	22.13

\*Certified by Management, pursuant to their certificate dated December 09, 2022.

The table below sets forth the key assumptions for our working capital projections\*:

S. No.	Particulars	Assumptions
1.	Inventories	The management has assumed that the Company maintaining current inventory levels shall be optimized and try to keep at same levels in terms of quantity and value. Over the year in order to increase in sales need to keep more inventory at adequate level with

S. No.	Particulars	Assumptions
		prices of raw material volatility, therefore holding level shall sustain at optimum level of inventory.
2.	Trade receivables	The Management has assumed that the Company will maintain current trade receivables in proportion of the Sales level with domestic and export sales mix.
3.	Trade payables	The Management has assumed that the Company will be able to maintain current trade payables in proportion of adequate prices of raw material and sales estimate.

*\*Certified by Management, pursuant to their certificate dated December 09, 2022.*

## 2. General Corporate Purposes

Our Company intends to deploy any balance Net Proceeds towards general corporate purposes, not exceeding 25% of the Gross Proceeds, in compliance with the SEBI ICDR Regulations. The allocation or quantum of utilisation of funds towards the specific purposes will be determined by our Board, based on our business requirements and other relevant considerations, from time to time.

General corporate purposes may include, but are not restricted to, the following:

- a. strategic initiatives;
- b. funding growth and capital expenditure opportunities;
- c. strengthening marketing capabilities and brand building exercises;
- d. meeting ongoing general corporate contingencies;
- e. meeting fund requirements of our Company, in the ordinary course of its business;
- f. meeting expenses incurred in the ordinary course of business;
- g. repayment of present or future loans; and
- h. any other purpose, as may be approved by the Board, subject to applicable law.

## Means of Finance

Our Company proposes to meet the entire requirement of funds for the proposed objects of the Issue from the Net Proceeds. Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

## Issue Related Expenses

The total expenses of the Issue are estimated to be ₹ [•] lakhs. The break-up for the Issue expenses is as follows:

Activity	Estimated Amount (₹ In lakhs)	As a % of total estimated issue expenses <sup>(1)</sup>	As a % of issue size <sup>(1)</sup>
Lead manager(s) fees including underwriting commission	[•]	[•]	[•]
Brokerage, selling commission and upload fees	[•]	[•]	[•]
Registrars to the issue	[•]	[•]	[•]
Legal Advisors	[•]	[•]	[•]
Advertising and marketing expenses	[•]	[•]	[•]
Regulators including stock exchanges	[•]	[•]	[•]
Printing and distribution of issue stationary	[•]	[•]	[•]
Others, if any (to be specified)	[•]	[•]	[•]
<b>Total</b>	[•]	[•]	[•]

### Notes:

1. Assuming full subscription and Allotment of the Rights Entitlement. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall adjusted with the amount allocated towards general corporate purposes.

2. *The fund deployed out of internal accruals as on December 09, 2022 is Rs. 1.50 Lakhs towards issue expenses vide certificate dated December 09, 2022 received from Statutory Auditors, Gokhale & Sathe, Chartered Accountants and the same will be recouped out of issue expense.*

### **Interim use of Net Proceeds**

Our Company, in accordance with the policies established by the Board, from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilisation for the purposes described above, we undertake to temporarily invest the funds from the Net Proceeds in deposits with one or more scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934, for the necessary duration. Such investments will be approved by our Board from time to time. Our Company confirms that it shall not use the Net Proceeds for any buying, trading, or otherwise dealing in the shares of any other listed company or for any investment in the equity markets or providing inter-corporate deposits to any related parties.

Additionally, in compliance with Regulation 66 of the SEBI ICDR Regulations, our Company confirms that it shall not use the Net Proceeds for financing or for providing loans to or for acquiring shares of any person who is part of the Promoter Group or Group Companies.

### **Bridge financing facilities and other financial arrangements**

Our Company has not raised any bridge loans or entered into any other similar financial arrangements from / with any bank or financial institution as on the date of this Draft Letter of Offer, which are proposed to be repaid from the Net Proceeds.

### **Monitoring of Utilisation of Funds**

Our Company is not required to appoint a monitoring agency for the purposes of this Issue. Our Board and Audit Committee shall monitor the utilization of the Net Proceeds.

Pursuant to Regulation 18(3) of the SEBI Listing Regulations, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the Net Proceeds. The Audit Committee shall make recommendations to our Board for further action, if appropriate. Our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Draft Letter of Offer and place it before our Audit Committee. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the Statutory Auditors of our Company. Further, in accordance with Regulation 32 of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the utilisation of the Net proceeds from the Objects, as stated above; and (ii) details of category wise variations in the utilisation of the Net Proceeds from the Objects, as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results of our Company, after placing such information before our Audit Committee.

### **Appraising Agency**

None of the Objects for which the Net Proceeds will be utilised, require appraisal from any agency in terms of applicable law.

### **Other Confirmations**

No part of the Net Proceeds will be utilised by our Company as consideration to our Promoter, members of the Promoter Group, Directors, Group Companies or Key Management Personnel. Our Company has not entered into nor is planning to enter into any arrangement / agreements with Promoter, members of the Promoter Group, Directors, Key Management Personnel or our Group Companies in relation to the utilisation of the Net Proceeds. Further, except in the ordinary course of business, there is no existing or anticipated interest of such individuals and entities in the Objects, as set out above.

**STATEMENT OF SPECIAL TAX BENEFITS**

*[The Remainder page is left intentionally blank]*



## Statement of Tax Benefits

To,  
The Board of Directors  
Aarti Surfactants Limited  
801, 801/23, GIDC Estate,  
Phase III VAPI Valsad – 396195,  
Gujarat, India

**Sub: Rights Issue of Equity Shares having face value of Rs. 10/- (each) of AARTI SURFACTANTS LIMITED up to Rs. 49.60 Crores.**

1. We hereby report that the accompanying Statement of Possible Special Tax Benefits (hereinafter referred to as “the Statement”) prepared by the Company, states the possible special tax benefits available to the Company, and its shareholders under the Income tax Act, 1961 read with Income tax Rules, circulars, notifications issued thereunder and as amended by the Finance Act, 2021 applicable for the Financial Year 2022-23 relevant to the Assessment Year 2023-24 (hereinafter referred to as the “Income Tax Regulations”), the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975 (collectively referred as “Indirect Tax Regulations”) in connection with the Right Issue of Equity Shares, which we have initialed for identification purposes presently in force in India.

### Management’s Responsibility

2. The preparation of this Statement as of the date of our report which is to be included in the Draft letter of Offer/ Letter of Offer to be filed with Stock Exchange, Securities and Exchange Board of India (“SEBI”) is the responsibility of the management of the Company.
3. The Management’s responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

### Our Responsibility

4. Our work has been carried out in accordance with Standards on Auditing, the ‘Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)’ and other applicable authoritative pronouncements by the Institute of Chartered Accountants of India.
5. It is imperative to note that we have relied upon a representation from the Management of the Company that the Company does not have any material subsidiary.







6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Performs Audits and Reviews of Historical Financial information and Other Assurance and Related Services Engagements.
7. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, as amended and other applicable laws, as amended from time to time, in connection with the Rights Issue of Equity Shares.

#### **Inherent Limitations**

8. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information.

Several of the benefits mentioned in the accompanying statement are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the accompanying statement are not exhaustive.

The Statement is only intended to provide general information to the shareholders and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each shareholder is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Scheme.

Further, we give no assurance that the Revenue Authorities / Courts will concur with our views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

9. We do not express any opinion or provide any assurance whether:
  - (i) The Company or the shareholders of the Company will continue to obtain these benefits in future;
  - (ii) The conditions prescribed for availing the benefits have been/would be met; The revenue authorities/courts will concur with the views expressed herein.

#### **Opinion**

10. In our opinion, the Statement prepared by the Company presents, in all material respects, the possible special tax benefits available to the Company and its shareholders, under the Income Tax Regulations and Indirect Tax Regulations as at the date of our report.







### Restriction on Use

11. This report has been issued solely at the request of the Company in connection with the Rights Issue of Equity Shares by the Company and this report or its content thereof may accordingly be used in the corresponding document for the purpose of submission to the Stock Exchanges or any other regulatory or statutory authority in relation to the Right Issue of Equity Shares. This report shall not be used, referred to or distributed for any other purpose or to any other party without our written permission.

### Limitation

12. Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of the tax laws and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to the Company and any other person in respect of this Statement, except as per applicable law.

Yours faithfully,

For Gokhale & Sathe  
Chartered Accountants  
Firm Reg. No.: 103264W

Tejas Parikh  
Partner  
M. No.: 123215  
UDIN: 22123215BERDOM8882  
Date: 2 December 2022  
Place: Mumbai







## **Annexure I**

Outlined below are the possible special tax benefits available to the Company and its shareholders in a summary manner only and is not a complete analysis or listing of all potential tax benefits, under the Income Tax Regulations and Indirect Tax Regulations as on the date of the report. These possible special tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the Income Tax Regulations and Indirect Tax Regulations. Hence, the ability of the Company and the shareholders of the Company to derive the direct and indirect tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company and the shareholders of the Company may or may not choose to fulfill. Further, certain tax benefits may be optional and it would be at the discretion of the Company or the shareholders of the Company to exercise the option by fulfilling the conditions prescribed under the Income Tax Regulations and Indirect Tax Regulations. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Shareholders are advised to consult their own tax consultant with respect to the tax implications of an investment in the shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which a shareholder can avail.

### **STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE EQUITY SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961 ("THE ACT")**

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

The tax benefits stated below are as per the Income Tax Regulations and Indirect Tax Regulations.

#### **1. Income Tax Regulations:**

##### **A. RESIDENT SHAREHOLDERS**

###### **(a) Reduced Holding Period**

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







**(b) Benefit of Indexation**

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

**(c) Concessional Tax Rate**

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

**(d) Set-off of losses**

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

**B. NON-RESIDENT SHAREHOLDERS**

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

**2. Indirect Tax Regulations:**

**A. Possible special tax benefits available to the Company under the Indirect Tax Regulations**

- The Company is not entitled to Special Tax benefits under Indirect Tax Regulations

**B. Possible special tax benefits available to the shareholders of the Company under the Indirect Tax Regulations**

- The shareholders of the Company are not entitled to any special tax benefits under Indirect Tax Regulations.





Notes:

1. The Statement sets out only the special tax benefits available to the Company and its shareholders under the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 and applicable State Goods and Services Tax Act, 2017 (“GST Acts”), the Customs Act, 1962 (“Customs Act”) and the Customs Tariff Act, 1975 (“Tariff Act”), as amended by the Finance Act 2021, including the relevant rules, notifications and circulars issued there under (unless otherwise specified), presently in force in India.
2. The Statement is only intended to provide general information to the shareholders and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each shareholder is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Scheme.
3. These comments are based upon the provisions of the specified indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.
4. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time.





## SECTION IV – ABOUT OUR COMPANY OUR INDUSTRY

*The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and industry sources. Neither we, the Lead Manager or any of our or their respective affiliates or advisors nor any other person connected with Issue have verified this information. The data may have been re-classified by us for the purposes of presentation. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect.*

*Before deciding to invest in the Equity Shares, prospective investors should read this entire Draft Letter of Offer, including the information in the sections "**Risk Factors**" and "**Restated Financial Statements**" beginning on pages 24 and 103 respectively. Accordingly, investment decisions should not be based on such information.*

### INTRODUCTION

Covering more than 80,000 commercial products, India's chemical industry is extremely diversified and can be broadly classified into bulk chemicals, specialty chemicals, agrochemicals, petrochemicals, polymers and fertilisers.

Globally, India is the fourth-largest producer of agrochemicals after the United States, Japan and China. India accounts for ~16% of the world production of dyestuffs and dye intermediates. Indian colorants industry has emerged as a key player with a global market share of ~15%. The country's chemicals industry is de-licensed, except for few hazardous chemicals. India holds a strong position in exports and imports of chemicals at a global level and ranks 14th in exports and 8th in imports at global level (excluding pharmaceuticals).

The domestic chemicals sector's small and medium enterprises are expected to showcase 18-23% revenue growth in FY22, owing to an improvement in domestic demand and higher realisation due to high prices of chemicals.

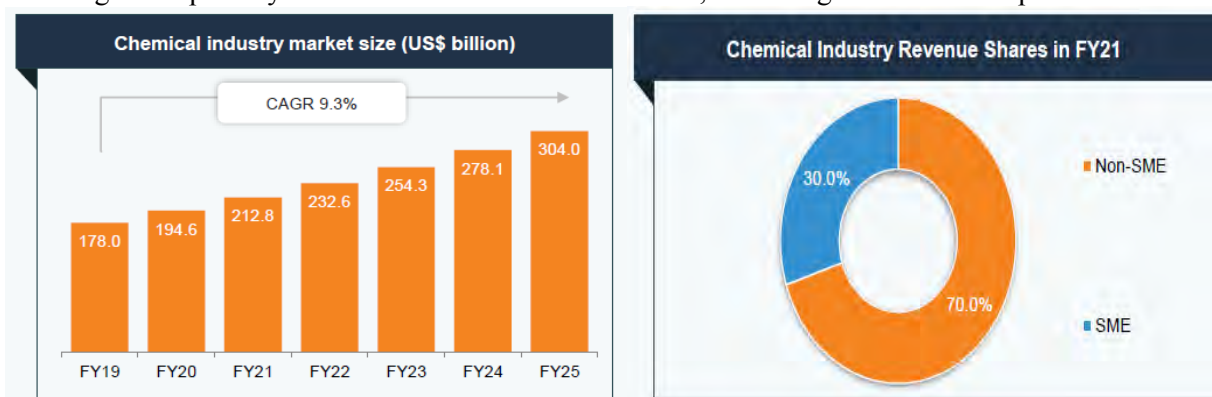
India's proximity to the Middle East, the world's source of petrochemicals feedstock, enables it to benefit on economies of scale.

### INDIAN CHEMICALS INDUSTRY – MARKET SIZE

The Indian chemicals industry stood at US\$ 178 billion in 2019 and is expected to reach US\$ 304 billion by 2025 registering a CAGR of 9.3%. The demand for chemicals is expected to expand by 9% per annum by 2025. The chemical industry is expected to contribute US\$ 300 billion to India's GDP by 2025.

An investment of Rs. 8 lakh crore (US\$ 107.38 billion) is estimated in the Indian chemicals and petrochemicals sector by 2025. The specialty chemicals constitute 22% of the total chemicals and petrochemicals market in India.

Indian manufacturers have recorded a CAGR of 11% in revenue between FY15 and FY21, increasing India's share in the global specialty chemicals market to 4% from 3%, according to the Crisil report. A revival in



domestic demand and robust exports will spur a 50% YoY increase in the CAPEX of specialty chemicals manufacturers in FY22 to Rs. 6,000-6,200 crore (US\$ 815-842 million). Revenue growth is likely to be 19-20% YoY in FY22, up from 9-10% in FY21, driven by recovery in domestic demand and higher realisations owing to rising crude oil prices and better exports.

## FIVE KEY SEGMENTS OF CHEMICALS MARKET



### **Bulk Chemicals**

- These are groups of chemicals, which are manufactured on a large scale and further divided into organic, inorganic and alkali chemicals.

### **Petrochemicals & Polymers**

- These chemicals are derivative of several chemical compounds such as hydrocarbons, which are derived from crude oil or natural gas.

### **Fertilisers**

- These provide nutrients for plant growth; are divided into organic/inorganic and natural/synthetic. Further, these can be broadly classified into phosphate, potassium and nitrogenous.

### **Specialty Chemicals**

- These are derivatives of basic chemicals that are manufactured for specific end-use solutions. The characteristics of these chemicals include high value, high R&D and low volume.

### **Agrochemicals**

- These chemicals are used to protect crops against insects and pests and include fungicides, herbicides, and insecticides, among others. These chemicals can be applied in water irrigation, seeds, soils and crops.

## ADVANTAGES IN INDIA



### **Growing demand**

- Rise in demand from end-user industries such as food processing, personal care and home care is driving development of different segments in India's specialty chemicals market.
- The domestic chemicals sector's small and medium enterprises are expected to showcase 18-23% revenue growth in FY22, owing to an improvement in domestic demand and higher realization due to high prices of chemicals.
- Increasing investments and spending FDI inflows in the chemicals sector (other than fertilisers) reached US\$ 20.41 billion between April 2000-June 2022.
- In August 2022, Avaada Group sign an MoU for a Rs 40,000 crore (US\$ 5 billion) Green Ammonia plant.

- An investment of Rs. 8 lakh crore (US\$ 107.38 billion) is estimated in the Indian chemicals and petrochemicals sector by 2025.

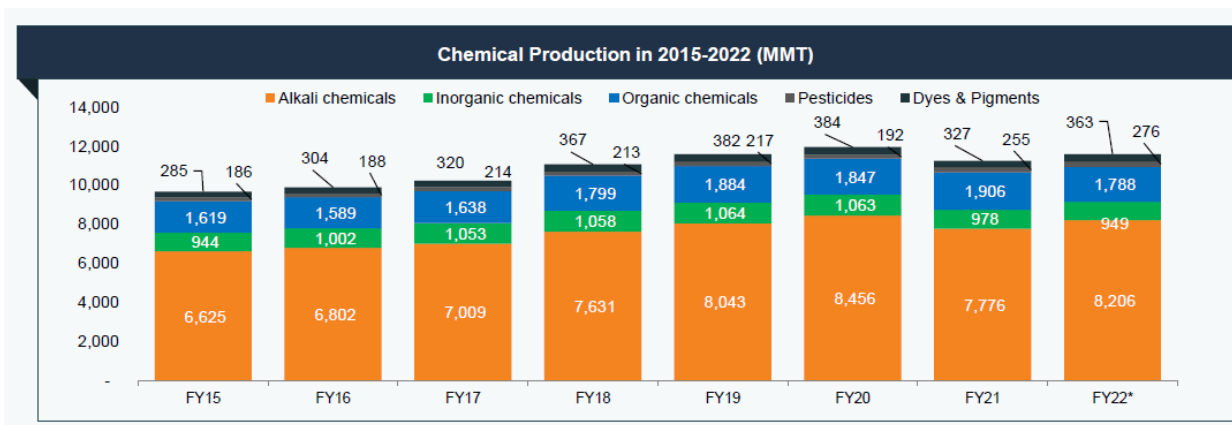
### Opportunities

- India’s specialty chemicals companies are expanding their capacities to cater to rising demand from domestic and overseas.
- In July 2021, the government announced discovery of indigenous deposits of phosphatic rocks. This will help expand fertiliser production domestically and boost self-reliance in fertiliser production.
- The Odisha government accepted investment applications worth ~US\$ 345.3 million in the metal, cement, chemical, plastic, food processing and manufacturing sectors in April 2021. This is likely to generate 2,755 jobs.

### Policy support

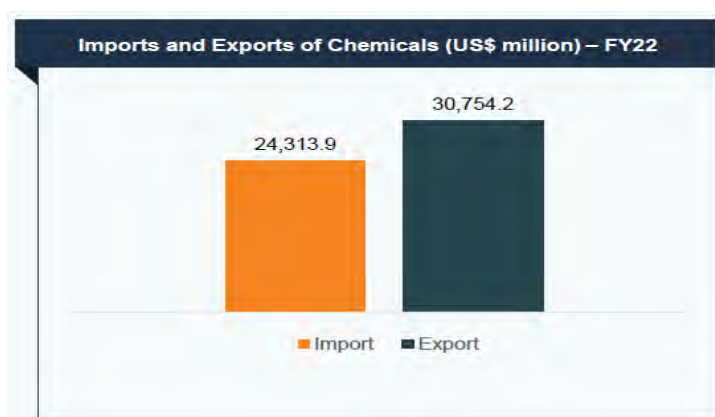
- The government plans to introduce production-linked incentive (PLI) scheme to promote domestic manufacturing of agrochemicals.
- Under the Union Budget 2022-23 the government allocated Rs. 209 crores (US\$ 27.43 million) to the Department of Chemicals and Petrochemicals.
- The PLI plan for the National Programme on Advanced Chemistry Cell Battery Storage has been approved by the Union Cabinet as of May 2021.
- PLI schemes were introduced to promote Bulk Drug Parks, with a budget of Rs. 1,629 crores (US\$ 213.81 million).

## CHEMICAL TRENDS IN INDIA



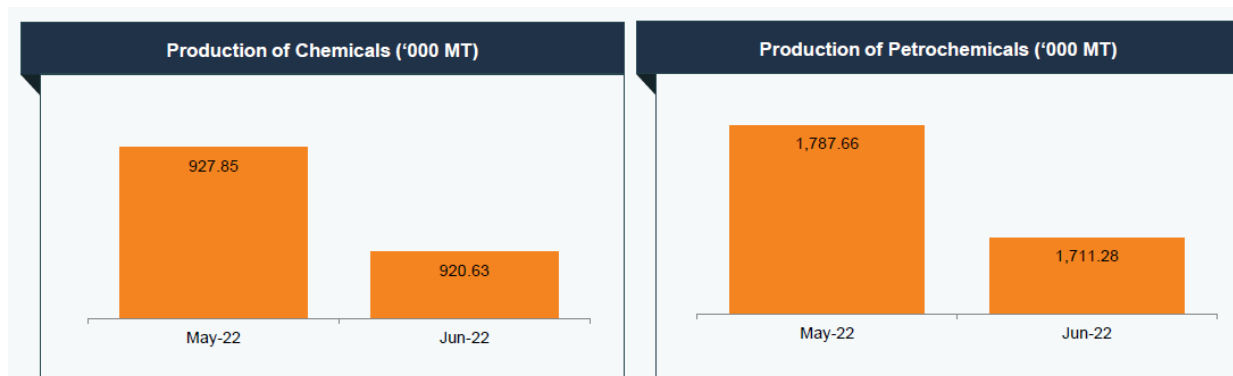
- In FY22\*, Alkali chemicals stood at 70.84% of the total chemical production.
- Government initiatives such as promotion of small and mid-sized ‘Sodium Bicarbonate’ and ‘Ammonia’ processing industries in proximity to soda ash manufacturing units is likely to boost demand for soda ash in the country.

## CHEMICAL SECTOR IMPORT AND EXPORT STATISTICS



- From April 2021-March 2022, exports of organic & inorganic chemicals increased 38.67% YoY to reach US\$ 24,313.88 million.
- Imports of organic and inorganic chemicals totalled US\$ 24.92 billion from April 2021 to March 2022, up 59.90% YoY.
- From April 2021-February 2022, imports of petroleum, crude and products stood at US\$ 141,725.18 million.
- India holds a strong position in international trading of chemicals and ranks 9th in exports and 6th in imports at a global level (excluding pharmaceuticals).

## CHEMICAL SECTOR PRODUCTION CAPACITY



- Chemical production reached 920,628 MT in June 2022, while petrochemical production reached 1,711,281 MT.
- In June 2022, production levels of various chemicals were as follows:
  - Soda Ash: 274,597 MT
  - Caustic Soda: 281,778 MT
  - Liquid Chlorine: 202,467 MT
  - Formaldehyde: 24,998 MT
  - Pesticides and Insecticides: 18,327 MT
- At the CPMA - Argus Petrochemical Online Forum held on August 25, 2021, President of India's Chemicals and Petrochemicals Manufacturers Association (CPMA), Mr. Kamal Nanavaty, said that the Indian petrochemicals industry will have to increase its production capacity tenfold to meet higher demand by 2050. He also highlighted that India's consumption is estimated to double every nine years at an annual rate of 8%.

## KEY GROWTH DRIVERS

### Growing demand

- Higher real disposable incomes
- Shift in production and consumption towards Asian and Southeast Asian countries
- Shift in consumer preference towards environment-friendly products

### Policy support

- 100% FDI under the automatic route in the chemical sector, except for hazardous chemicals
- MSIHC Rules to be merged with CAEPPR to safely handle hazardous chemicals

### Increasing investment

- Establishing PCPIRs (investment regions for petroleum, chemicals and petrochemicals)
- Domestic and overseas companies investing in greenfield or brownfield projects

- Increase in FDI investments

### **Rise in domestic demand**

- By 2030, India is likely to have ~80% of the households in the middle-income group.
- The growing middle-class and increasing urbanisation is driving the demand for personal care, agrochemicals, food, paints & coatings resulting into higher consumption of chemicals per capita

## **INVESTMENTS, DEVELOPMENTS AND ADVANTAGES IN THE INDIAN HEALTHCARE SECTOR**

A few recent developments/investments in the Indian chemical sector are as follows:

- From April 2021-March 2022, exports of organic & inorganic chemicals increased 38.67% YoY to reach US\$ 24,313.88 million.
- Chemical production reached 907,639 MT in August 2022, while petrochemical production reached 1,727,019 MT. In August 2022, production levels of various chemicals were as follows: Soda Ash: 267,416 MT, Caustic Soda: 283,279 MT, Liquid Chlorine: 203,195 MT, Formaldehyde: 26,842 MT and Pesticides and Insecticides: 18,881 MT.
- In July 2022, NTPC Renewable Energy Limited (NTPC REL) and Gujarat Alkalies and Chemicals Limited (GACL) signed an MoU to establish India's first commercial-scale Green Ammonia and Green Methanol plants.
- In November 2021, Indian Oil Corporation (IOCL) announced plans to invest Rs. 3,681 crore (US\$ 495.22 million) to set up India's first mega-scale maleic anhydride unit for manufacturing high-value specialty chemicals at its Panipat Refinery in Haryana.
- In November 2021, Praj Industries Limited and Indian Oil Corporation inked a memorandum of understanding (MoU) to explore opportunities in the production of alcohol-to-jet (ATJ) fuels, 1G & 2G ethanol, compressed bio-gas (CBG) and related opportunities in the biofuels industry.
- In November 2021, Coromandel International announced plans to set up 1,650-metric-tonnes-per-day sulphuric acid plant at its fertiliser complex in Visakhapatnam with an investment of Rs. 400 crore (US\$ 53.69 million).
- On September 30, 2021, Prime Minister, Mr. Narendra Modi, inaugurated the CIPET: Institute of Petrochemicals Technology, Jaipur.
- In October 2021, Nayara Energy announced that it expects 15-20 new integrated petrochemical plants to become operational within the next decade in the country, to meet the rising demand for raw materials used in the plastics and clothing industries.
- In October 2021, Rosneft, Russia, launched a large-scale petrochemical production development programme in India with investments worth ~US\$ 750 million at the current implemented stage.
- In September 2021, Bharat Petroleum Corporation (BPCL), announced plans to invest US\$ 4.05 billion, to improve petrochemical capacity and refining efficiencies over the next five years.
- The government is planning to hold roadshows in eight overseas markets for the proposed investors' summit planned in January 2022, with focus on the petrochemicals sector, and is eager to attract investors to its newly launched Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR) near the upcoming crude oil refinery in Pachpadra village (in Barmer district, Rajasthan).

## **GOVERNMENT INITIATIVES**





The government has started various initiatives such as mandating BIS-like certification for imported chemicals to prevent dumping of cheap and substandard chemicals into the country.

The Indian government recognises chemical industry as a key growth element and forecast to increase the share of the chemical sector to ~25% of the GDP in the manufacturing sector by 2025.

- Under the Union Budget 2022-23 the government allocated Rs. 209 crores (US\$ 27.43 million) to the Department of Chemicals and Petrochemicals.
- PLI schemes have been introduced to promote Bulk Drug Parks, with a budget of Rs. 1,629 crores (US\$ 213.81 million).
- The Government of India is considering launching a production linked incentive (PLI) scheme in the chemical sector to boost domestic manufacturing and exports.
- A 2034 vision for the chemicals and petrochemicals sector has been set up by the government to explore opportunities to improve domestic production, reduce imports and attract investments in the sector. The government plans to implement a production-link incentive system with 10-20% output incentives for the agrochemical sector; to create an end-to-end manufacturing ecosystem through the growth of clusters.
- In October 2020, the government urged players in the agrochemicals industry to come out with new molecules of global standards for the farmers' benefit, while CropLife India, the industry body, pitched for stable policies and regulatory regimes to boost growth in the sector.
- 100% FDI is allowed under the automatic route in the chemicals sector with few exceptions that include hazardous chemicals. FDI inflows in the chemicals sector (other than fertilisers) reached US\$ 20.41 billion between April 2000-June 2022.
- The government has proposed several incentives for setting up a sourcing or manufacturing platform within an Indian SEZ:
- Effective April 1, 2020, 100% Income Tax exemption on export income for SEZ units for the first five years, 50% for the next five years thereafter and 50% of the ploughed back export profit for next five years.
- Single window clearance for central and state-level approvals.
- Duty free import/domestic procurement of goods for development, operation and maintenance of SEZ units.
- In December 2020, the PCPIR policy is being completely redesigned. Under the new PCPIR Policy 2020-35, a combined investment of Rs. 10 lakh crore (US\$ 142 billion) is targeted by 2025, Rs. 15 lakh crore (US\$ 213 billion) by 2030 and Rs. 20 lakh crore (US\$ 284 billion) by 2035 in all PCPIRs across the country. The four PCPIRs are expected to generate employment for ~33.83 lakh people. ~3.50 lakh persons have been employed in direct and indirect activities related to PCPIRs by the end of 2020.

## OPPORTUNITIES

### **Specialty chemicals - aggressive capex to drive growth**

- Specialty chemical companies in India have started accelerating their capex plan on the back of strong growth visibility and emerging opportunities
- Due to growing environmental concerns, many chemical companies in China ceased activities in 2018; this led to an increase in manufacturing of specialty chemicals in the Indian market to ensure uninterrupted supply
- Indian manufacturers have recorded a CAGR of 11% in revenue between FY15 and FY21, increasing India's share in the global specialty chemicals market to 4% from 3%, according to the Crisil report.
- A revival in domestic demand and robust exports will spur a 50% YoY increase in the capex of specialty chemicals manufacturers in FY22 to Rs. 6,000-6,200 crore (US\$ 815-842 million).
- Revenue growth is likely to be 19-20% YoY in FY22, up from 9-10% in FY21, driven by recovery in domestic demand and higher realisations owing to rising crude oil prices and better exports.

### **Key growth drivers in the end-user industry for specialty chemicals include the following:**



- Paints & coatings: Increase in urbanisation, increase in middle-income households, high replacement demand and increase in per capita income.
- Textile: Increase in Indian export, increase in urbanisation and higher disposal income.
- Construction: Low expenditure on admixtures compared with China and the US.
- Home care: Increased consumption.

### **Specialty chemicals - aggressive capex to drive growth**

- A 2034 vision for the chemicals and petrochemicals sector has been set up by the government to explore opportunities to improve domestic production, reduce imports and attract investments in the sector. The government plans to implement production-link incentive system with 10-20% output incentives for the agrochemical sector; to create an end-to-end manufacturing ecosystem through the growth of clusters.
- 100% FDI is allowed in the chemical sector under automatic route with exception to few hazardous chemicals
- The Indian Government supports the industry in research & development, reduced the basic customs duty on several products and offers support through the 'Make in India' campaign
- Four Petroleum, Chemicals and Petrochemical Investment Regions (PCPIRs) have been set up as the investment regions for petroleum, chemicals and petrochemicals along with associated services
- Industrial licensing is approved in most sectors, except for few hazardous chemicals
- The Government of India is considering launching a production-linked incentive (PLI) scheme in the chemical sector to boost domestic manufacturing and exports.

### **Chemical industry: Exploring new opportunities**

- **Value-Chain Integration**

Camlin Fine Sciences acquired Borregaard Italia Spa<sup>54</sup>, a raw-material catechol manufacture, and Ningbo Wanglong, an end-product vanillin flavour manufacturer. The vertical integration made CFS the third-largest vanillin producer worldwide.

- **Alternative and Low-Cost Feedstock**

In November 2020, NextChem, and Indian Oil Corp. Ltd. (IndianOil) signed a memorandum of understanding (MOU) to use NextChem technologies to build industrial projects to support industrialisation of India's sustainable development.

The projects would emphasis on recycling of plastics, production of biofuels from renewable feedstock and circular fuels and non-recyclable waste chemicals.

- **Global Footprint and Customer Segments**

Aarti Industries generates >40% revenue from the global markets.

UPL has a presence in multiple markets with >30% of its revenue generated from Latin America.

SH Kelkar has completed several strategic acquisitions, including China-based Anhui Ruibang Aroma and Italy's Creative Flavours and Fragrances; this helped expand its portfolio, improve technological platforms and gain access to new markets.

- **Exposure to Cutting-Edge Technologies**

Atul Chemicals, partnered with Akzo Nobel to access state-of-the-art eco-friendly hydrogenation technology for monochloroacetic acid (MCA) production in India.

## **ROAD AHEAD**

Despite the current pandemic situation, the Indian chemical industry has numerous opportunities considering the supply chain disruption in China and trade conflict among the US, Europe and China. Anti-pollution measures in China will also create opportunities for the Indian chemical industry in specific segments.

Additional support, in terms of fiscal incentives, such as tax breaks and special incentives through PCPIRs or SEZs to encourage downstream units will enhance production and development of the industry. The dedicated integrated manufacturing hubs under Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIR) policy aim to attract an investment of Rs. 20 lakh crore (US\$ 276.46 billion) by 2035.

To bring about structural changes in the working of the domestic chemical industry, future investments should not only focus on transportation of fuels such as petrol and diesel, but also on crude-to-chemicals complexes or refineries set up to cater to the production of chemicals.

*(Source: [www.ibef.org](http://www.ibef.org))*

## OUR BUSINESS

*The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Draft Letter of Offer, including the information contained in the section titled “Risk Factors”, beginning on page no. 24 of this Draft Letter of Offer.*

*This section should be read in conjunction with, and is qualified in its entirety by, the more detailed information about our Company and its financial statements, including the notes thereto, in the section titled “Risk Factors” and the sections titled “Restated Financial Statements” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” beginning on pages 24, 103 and 164 of this Draft Letter of Offer.*

*Unless the context otherwise requires, in relation to business operations, in this section of this Draft Letter of Offer, all references to “we”, “us”, “our”, “our Company” and “Aarti Surfactants” are to “Aarti Surfactants Limited”*

### OVERVIEW AND BACKGROUND

Our Company was incorporated as “Arti Surfactants Limited”, a public limited company under the provision of the Companies Act, 2013 vide certificate of incorporation dated June 18, 2018. Further, pursuant to National Company Law Tribunal order dated June 10, 2019 on scheme of arrangement pursuant to which the business of Home and Personal Care division of Aarti Industries Limited was demerged and transferred into the Company. In accordance with the said order the name of “**Arti Surfactants Limited**” has been changed to “**Aarti Surfactants Limited**” with effect from July 08, 2019.

Our Company is a manufacturer of ionic and non-ionic surfactants and primarily caters to for the personal care and home care industries. Our products find application in a host of consumer-centric personal care and home care products, including, inter alia, skin care, oral care, hair care, cosmetics, toiletries and detergent products and for industrial application. We believe that we offer to our customers a wide range of innovative, customization, eco-friendly and high-quality products. (Ionic surfactants are the surface-active agents containing cations or anions as in their formulations, whereas non-ionic surfactants are those that can be used with high salinity or hard water, and are compatible with other types, and are excellent candidates for complex mixtures with low toxicity level). We have obtained quality certifications from recognized agencies for certain of our products.

We have significantly expanded and diversified our product profile, client base and geographical footprint. Currently, our product portfolio comprises over 20 product grades, which are marketed to customers in over 13 countries, including India, North America, South America, South-East Asia and Europe. Our wide product portfolio comprises of surfactants, mild surfactants, preservatives, pearling agent and blends, which finds application in diverse end use products. We also manufacture formulated blends as per customer specifications and ensure timely delivery by leveraging distribution network.

Our Company has two manufacturing units at Pithampur and Silvassa. It has a sulfonation unit at Pithampur in the state of Madhya Pradesh, with the capabilities to manufacture Sulfonated Compounds on an active basis and has another manufacturing unit at Silvassa, Dadra, and Nagar Haveli which has logistical advantages on account of its proximity to major ports and FMCG companies in India. Our manufacturing units are equipped with machinery and technologies and have in-house R&D facility comprising more than dedicated 11 members. We believe that our qualified and experienced in-house R&D team, focuses on the development of high-performance products and formulations for the consumer-centric home and personal care industries. We have experienced a fire breakout at our Silvassa manufacturing unit which resulted in complete shutdown of our operations for 2 days because of a power outage. However, as on the date of this draft Letter of Offer, a part of the Silvassa unit is non-operative and our production of Silvassa unit to a large extent have been recouped by our another manufacturing unit located at Pithampur.

We are driven by a qualified and dedicated management team, comprising of professionals with experience across various sectors, which is led by our Board of Directors. We believe that our management team’s collective experience and capabilities enable us to understand and anticipate market trends, manage our business operations and growth and respond to changes in customer preferences.

For further details, please see the sections titled “**Restated Financial Statements**”, “**Our Promoter**” and “**Our Management**” beginning on pages 103, 100 and 88 of this Draft Letter of Offer.

## Financial Performance of our Company

(₹ In Lakhs)

Particulars	For the period ended Sept 30, 2022 <sup>^</sup>	F.Y. 2021-22*	F.Y. 2020-21*	F.Y. 2019-20*
Revenue from Operations	30989.85	57551.70	46577.03	32586.40
EBITDA	2045.63	3243.14	4524.7	2380.02
Profit After Tax	403.17	549.48	2163.45	208.61

<sup>^</sup>As per Audited Consolidated Financial Results submitted to the Stock Exchange.

\*As per the Restated Financial Statements.

## CORPORATE STRUCTURE

The following chart outlines our current group structure:



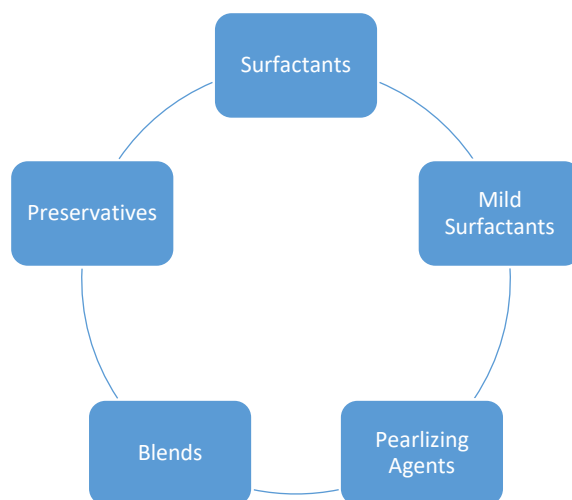
## MARKET SEGMENTS

As on date of this Draft Letter of Offer, the Company operates under 6 (six) different market segments as mentioned below:

Name	Products (in No.)
Baby Care	5
Oral Care	3
Hair Care	12
Home Care	6
Industrial Application	8
Skin and Personal Care	5

## OUR PRODUCTS

As on this Draft Letter of Offer, our products are organized into 5 different product groups as mentioned below:



### SURFACTANTS

Some of the products under this category are as under:

Sr No.	Name of Products	Application	Overview
1.	Sulfocinate LSS	Home Care & Personal Care,	Mild Surfactant for Soaps
2.	Sulfolon NCOL-XR	Home Care	Additive in Detergent Powder
3.	Sulfolon NCOL-XY	Home Care	
4.	Sulfolon NCOL-XG	Home Care	
5.	Sulfolon NCOL-XO	Home Care	
6.	Sulfodet P 93/C	Home Care & Personal Care	Foam, Cleansing + Detergent

### MILD SURFACTANTS

Some of the products under this category are as under:

Sr No.	Name of Products	Application	Overview
1.	Sulfocinate LSS	Used in various cosmetic personal care, Home Care formulation applications.	This is a mono ester based on medium cut C12-C14 alcohol. This group of product is a versatile and used in wide range of applications including bath products, shampoo and skin cleansers.
2.	Sulfocinate LES	Used in various home care formulation applications.	This is an alcohol type mono ester, based on ethoxylated fatty alcohol.

### PEARLIZING AGENTS

Some of the products under this category are as under:

Sr No.	Name of Products	Application	Overview
1.	Sulfoshine DS 45	Used in Shampoo, Liquid Detergents, Liquid Soap, Shower Gel, Bubble Bath as opacifier, pearlizing agent.	SULFOSHINE DS 45 is a cold process self-emulsifying pearlizing concentrate based on A blend of surfactant and pearlizing agent. It imparts silky loss to the surfactants formulations.

Sr No.	Name of Products	Application	Overview
2.	Sulfoshine DS 40	Used in Shampoo, Liquid Detergents, Liquid Soap, Shower Gel, Bubble Bath as opacifier and pearlizing agent.	SULFOSHINE DS 40 is a self-emulsifying pearlizing concentrate based on a blend of surfactant and pearlizing agent. It imparts silky gloss to the surfactants formulations by Cold process mixing.

## BLENDINGS

Some of the products under this category are as under:

Sr No.	Name of Products	Application	Overview
1.	Sulfocare SB 25/C	Shampoo	Concentrated active shampoo.
2.	Sulfocare SB 25/P	Shampoo	Concentrated active shampoo.
3.	Sulfocat BK 50	Home Care	Disinfectant
4.	Sulfocat BK 80	Home Care	Disinfectant

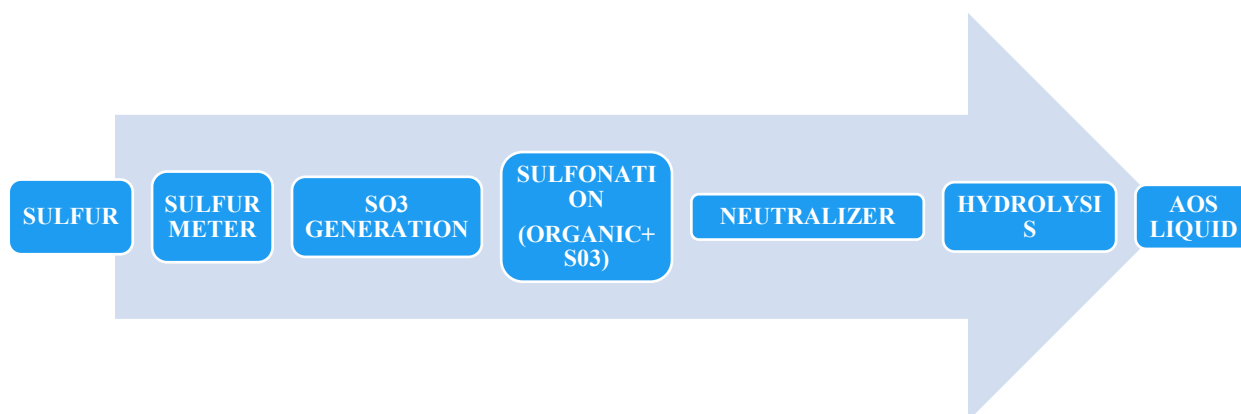
## PRESERVATIVES

Some of the products under this category are as under:

Sr No.	Name of Products	Application	Overview
1.	Sulfonon PE 225	Used in Cosmetics, Skin creams, Perfumes, Pharmaceutical, Ink & Dyes and Organic synthesis.	This is 2-Phenoxyerthanol, an organic compound.
2.	Sulfonon PE 210		
3.	Sulfonon PE 205		

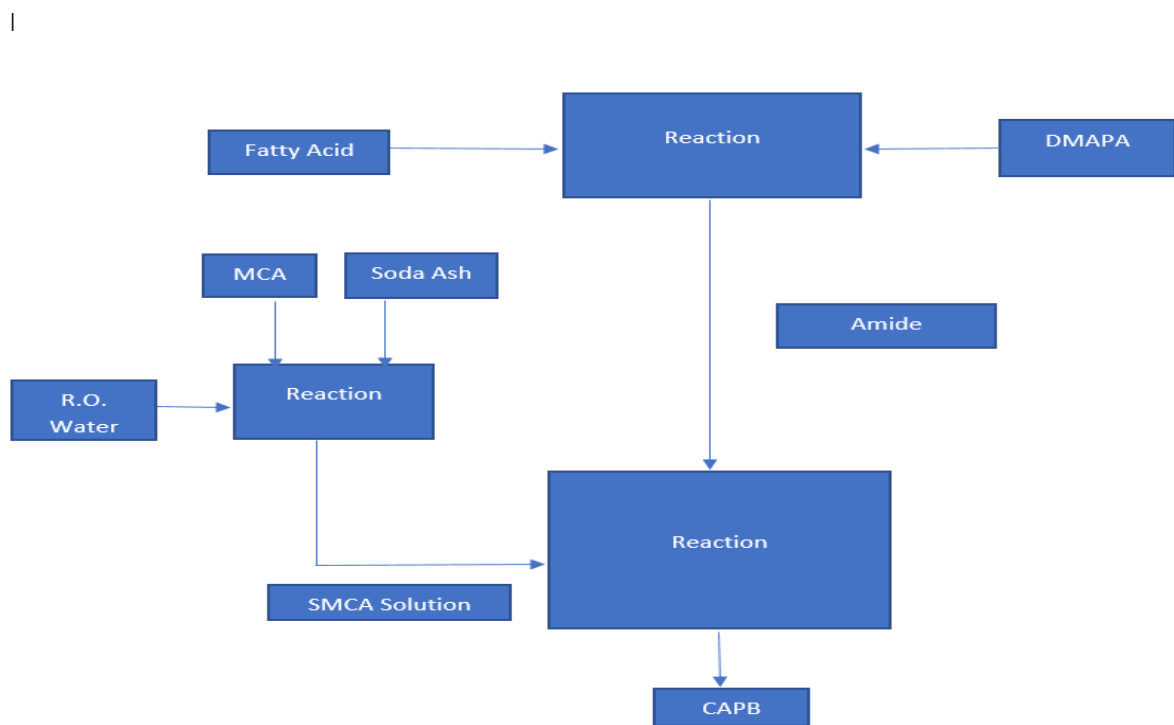
## OUR BUSINESS PROCESS

**Process Flow Chart for Alpha-Olefin Sulfonates Liquid (AOS Liquid):-**



- **Sulfur & Sulfur Melter:** Sulphur reacts with air to produce  $SO_2$  which is further oxidized to make  $SO_3$  gas
- **$SO_3$  Generation & Sulfonation:**  $SO_3$  reacts with Organic (RM) to produce AOS in a highly precise reactor
- **Neutralizer:** AOS is neutralized by addition of caustic
- **Hydrolysis:** It is passed through high temperature to break unwanted parties
- **AOS Liquid:** Final Product is mixed with approx.. 60% water to make AOS liquid

**Process Flow Chart for Cocamidopropyl Betaine (CAPB):**



## OUR COMPETITIVE STRENGTHS

We believe that we have the following competitive strengths:

- ***Strong raw material sourcing***

We import a significant portion of raw materials. Our raw material sourcing capabilities are supported by our dedicated purchasing team and business networks. We believe that we have efficient supply chain to procure optimally priced raw materials. In addition, continuous usage of data and personal visits our purchase team enables “smart purchasing” and “bulk purchasing” of raw materials at competitive prices, resulting in better yields. Thus, it enables us to achieve price flexibility and build healthy relationships with our suppliers globally.

- ***Diversified Customer Base***

We believe that over the years, we have established ourselves as a preferred and reliable partner for our customers. By leveraging our dynamic capabilities, we manufacture products that suit diverse customer requirements to achieve customer satisfaction with competitive prices and consistent quality and ensuring timely delivery. We intend to add new customers and expand our clientele in high-growth markets by leveraging our core competencies and undertaking promotional activities.

- ***Professional and Experienced Management Team***

We are an organization that is driven by a qualified and dedicated management team, which is led by our Board of Directors. Our management culture is collaborative and function-oriented, and we believe this to be critical to our competitive advantage. Our Promoters, namely Shri Chandrakant V. Gogri and Shri Parimal H. Desai, have been associated with our Company since incorporation, and have played a significant role in the development of our business as whole. Moreover, our senior management consists of experienced and qualified professionals with experience across various sectors.

Our management team’s collective experience and capabilities enable us to understand and anticipate market trends, manage our business operations and growth and respond to changes in customer preferences. We will continue to leverage the experience of our management team and their understanding of the surfactants and specialty care products industry, to take advantage of current and future market opportunities.

We have a strong team of professionals to manage the core functional areas, such as finance, procurement, manufacturing, logistics, sales and marketing, and human resources.

- ***Diversified Geographical Presence***

We believe our Company has established a significant global footprint with a major presence in North America, South America, South- East Asia and Europe and exports to multiple regions with dedicated marketing, sales and technical personnel. As on the date of Draft Letter of Offer, our Company supplies to more than 10 countries across the globe. We believe that supplying our product in multiple region will enables our Company to achieve revenue growth while minimizing the risk of region-specific business cyclicality.

### OUR BUSINESS STRATEGIES

- ***Expanding portfolio of our products***

We are one of the producers of surfactants catering the home and personal care segment. Over the years we have built our product portfolio of over 20 products range. Our Company aims to enhance product portfolio by meeting the evolving customer demands through extensive R&D. For an instance our Company had launched the products in financial year 2021-22 as stated below:

Year of launch	Name of the Product Launch	Share to the Revenue in FY 2021-22
2021-22	Sodium Cocoyl Isethionate	2%
2021-22	Sodium Lauryl Sarcosinate	2%

Our Company aims to expand its portfolio with differentiated and margin-based products to widen the value-add in the products.

- ***Augmenting growth in global markets***

Our Company's revenue from operations from export has increased from 16.40% to 27.61 % from the Financial year 2019-20 to Financial year 2021-22.

(₹ in Lakhs)

FY	2021-22	% to Total Revenue from operations	2020-21	% to Total Revenue from operations	2019-20	% to Total Revenue from operations
Export	15888.27	27.61	8711.00	18.70	3765.58	11.56
Domestic	41663.43	72.39	37866.03	81.30	28820.82	88.44
<b>Total</b>	<b>57551.70</b>	<b>100.00</b>	<b>46577.03</b>	<b>100.00</b>	<b>32586.4</b>	<b>100.00</b>

We believe that we have a major presence in North America, South America, South- East Asia and Europe. Our Company intends to further expand our global presence and believes that it will provide us with greater competitive advantages in acquiring global clients through participation in industry events, public relations and investor relations efforts. Such, augmenting growth in the global market enables our Company to mitigate the risk of region-specific business.

- ***Expanding our production capacity***

With the growing demand of specialty surfactants, our Company intends to increase our production capacity and capabilities to capture the thriving opportunities.

- ***Continue improving financial performance through focus on operational efficiencies***

We intend to achieve operational excellence in terms of cost and production efficiency. Our manufacturing facilities and processes are fully integrated. We believe that our manufacturing facility and R&D capabilities, along with our expansion efforts, will help us to reduce production cost, increase production and achieve economies of scale. Also, we believe that our focus on providing customer centric product has contributed to our financial strength and performance whilst also strengthening the trust and engagement that we share with our customers.



## CAPACITY AND UTILIZATION

The Company operates through two well established manufacturing units situated at Pithampur, Madhya Pradesh, and Silvassa, Dadra, and Nagar Haveli, respectively. The combined utilization of our manufacturing units for the Fiscal 2022, 2021 and 2020 are as follows:

Product Group	Installed Capacity (Metric Tonne)			Capacity Production		
	Fiscal 2022	Fiscal 2021	Fiscal 2020	Fiscal 2022	Fiscal 2021	Fiscal 2020
Sulfonation (AOS,SLS,SLES, Dragon)	56000	70000	85000	89%	78%	59%
Sulfotain CAP (CAPB)	7200	12000	30000	80%	76%	28%
Sulfocat BK-50 & BK-80	3600	3600	7200	20%	32%	9%
MNP 40 (transparent soap chips)	1500	2000	4000	74%	39%	10%
Ethylene glycol Distearate (EDGS) & Ethylene glycol Monostearate (EGMSO)	1500	2000	4000	8%	12%	4%
Mild Surfactants	0	1200	2400	0%	35%	21%
Formulations	1200	1200	2400	7%	7%	1%

*As certified by Priyanka H Shah, Proprietor of PHS & Associates (membership No. 30382) vide certificate dated December 09, 2022*

## QUALITY ASSURANCE AND SUSTAINABILITY

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

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

## SALES AND MARKETING

Our Company has a dedicated team of professionals who oversee different sales and marketing related functions.

## ASSOCIATIONS WITH TRADE CHAMBERS

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

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

Our Company utilises the following trade and industry chambers and associations to undertake policy advocacy:

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

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

## RISK MANAGEMENT

Our Company has established a robust risk management framework for identification and mitigation of key business risks. Major risks faced by your Company include operational risk, product risk, key personnel risk, and technology risk, among others. Additionally, it faces external risks such as macro-economic slowdown, declining demand, raw material unavailability, and intensifying competition within the industry players, among others. We formulate strategies through appropriate checks and balances to monitor and mitigate identified risks to minimize their impact on the operational and financial performance. This enables us to maintain its competitive position in the domestic as well as overseas markets.

## HUMAN CAPITAL

Human capital is pivotal for the growth and success of our Company. We strive to foster a safe, congenial, and inclusive work environment and promotes trust, transparency, and a sense of teamwork through comprehensive and well documented human resource policies. Periodic skill development and training programmes are conducted for honing employee capabilities. As on November 30, 2022, our Company's total employee strength stood at 321.

## ENVIRONMENTAL, HEALTH AND SAFETY MATTERS

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

- Enhanced level of training on process and behaviour-based safety;
- Adoption of safe and good manufacturing practices; environment-friendly production process;
- Installation of bioreactors, chemical reactors, multiple effect evaporator, and incinerator, among others to reduce the discharge of effluents;
- Commissioning of waste heat recovery systems to ensure the reduction, recovery, and reuse of effluents and other utilities.

We periodically review the comprehensive EHS Management System and initiates preventive measures based on the findings of the review to ensure stringent adherence. We aim to comply with applicable health and safety regulations and other requirements in our operations and have adopted safety, health and environment policies and procedures that are aimed at complying with legislative requirements, requirements of our licenses, approvals, various certifications and ensuring the safety of our employees and the people working at our facilities.

## CORPORATE SOCIAL RESPONSIBILITY

Our Company constituted a CSR committee and undertook the initiatives like distribution of medical equipments and donations towards Covid-19 relief fund. During the FY 2021-22, the provisions of Corporate Social Responsibility ("CSR") as prescribed under Section 135 of the Companies Act, 2013, read with Companies (Corporate Social Responsibility Policy) Rules, 2014, became applicable and we have spent Rs. 14.92 Lakhs towards CSR.

## KEY EQUIPMENTS USED IN OUR OPERATIONS

As on the date of this Draft Letter of Offer, the list of key equipments used at our manufacturing facilities are as under:

S.No	List of Machinery	S.No	List of Machinery
1	Air Drying Plant	25	Motor control center Panel
2	Air Handling Unit	26	Multi Effect Evaporator
3	Alkali Scrubber	27	Melter
4	Automatic power factor control panel	28	Mist Eliminator
5	Agitated thin film dryer	29	Mist Evaporator

S.No	List of Machinery	S.No	List of Machinery
6	Blower	30	Mixing pump
7	Bucket elevator	31	Nalco system
8	Burner	32	Oil fire Boiler
9	Continuous fluid bed dryer	33	Pallet racking system
10	Chiller	34	Power control (PCC) Panel
11	Chimney	35	Programmable logic control (PLC) CONTROL PANEL
12	Compressed Natural Gas Boiler	36	Power Transformer
13	Coal fire Boiler	37	Process (Reverse Osmosis )RO plant
14	Compressor	38	Pump
15	Converter	39	Reactor
16	Cooling tower	40	Recycle Pump
17	Diesel Generator	41	Sulphur trioxide (SO3) Absorber
18	Electrostatic Precipitator	42	Sulphur trioxide (SO3) Cooler
19	Effluent Treatment Plant	43	Storage Tank
20	Heat Exchanger	44	Sulfuric Acid Column
21	Hot water tank	45	Uninterrupted power supply (UPS)
22	High Tension Yard	46	Vacuum circuit breaker (VCB)
23	Hydrolyzer	47	Waste heat recovery (WHRB) Boiler
24	MAIN AIR BLOWER		

Please note the above list does not include complete list of equipments used in our operations as they are large in numbers.

## INFRASTRUCTURE FACILITIES

### WATER

Water supply requirement is being fulfilled through water supplied by our municipal corporation at Pithampur unit, whereas for the Silvassa unit, the Company fulfills its water supply requirement from local vendors.

### POWER

The details of electricity facilities obtained by the Company for its operations unit are as follows:

**Pithampur Unit:** M.P. Paschim Kshetra Vidyut Vitaran Co. Ltd.

**Silvassa Unit:** Torrent Power Limited

In case of power failure, the D.G. (Diesel Generator) Sets are activated and the power supply system automatically switches to D.G. within few minutes. The DG Set of 1500 KVA is installed for power back up in case of power failure.

## COMPETITION

We believe that our primary competitors in the business segments in which we operate are Galaxy Surfactants Limited, Godrej Consumer Products Limited and several other domestic/international players. Competition from existing players and new entrants and consequent pricing pressures could have a material adverse effect on business growth and prospects, financial condition and results of operations

## INSURANCE

Our operations are subject to hazards inherent in manufacturing facilities such as risk of equipment failure, work accidents, fire, earthquakes, flood and other *force majeure* events, acts of terrorism and explosions including hazards that may cause injury and loss of life, severe damage to and the destruction of property and equipment and environmental damage. We may also be subject to product liability claims if the products that we manufacture are not in compliance with regulatory standards and the terms of our contractual arrangements.

There has been an instance in the past where a fire broke out at our unit located at Silvassa. Please see “**Risk Factors**” on page 24 of this Draft Letter of Offer. The Company is in the process of an insurance claim due to

occurrence of fire at our unit located at Silvassa. Therefore, insurance might not necessarily cover all losses incurred by us and our Company cannot provide any assurance that we will not incur losses or suffer claims beyond the limits of, or outside the relevant coverage of, our insurance policies.

## LOCATIONAL PRESENCE



The below table states our locational presence:

Sr No.	Address	Purpose	Leased / Owned
1.	71, Udyog Kshetra, 2 <sup>nd</sup> Floor, Mulund – Goregaon Link Road, Mulund West, Mumbai – 400080, Maharashtra, India.	Head Office	Leave and License
2.	108, 801/23, GIDC Estate, Phase III, Vapi, Valsad, Gujarat- 396195, India.	Registered Office*	Leave and License
3.	Lot No. 57, 61 t 64, 62A, Sector-3, Sagore Village, Pithampur Industrial Area, District Dhar, Pithampur, Madhya Pradesh- 452001, India.	Manufacturing unit – Pithampur	Leased
4.	Survey No. 193, Khanvel Udhva Road, Village Kherdi, Dadra & Nagar Haveli- 396239, India.	Manufacturing unit - Silvassa	Owned

\*The Company is in the process of shifting its registered office.

### Intellectual Property

Our Company has made an application for the registration of the below mentioned trademark with Trademark Registry, Government of India and the approval of same is awaited as on this Draft letter of Offer.

Logo Trademark	Class	Nature of Trademark	Applicant	Application No. & Date	Status
	1	Wordmark	Aarti Surfactants Limited	5226066	Objected
	1	Wordmark	Aarti Surfactants Limited	5226065	Objected

## OUR MANAGEMENT

### Our Board of Directors

As on the date of this Draft Letter of Offer, our Board comprises 6 Directors of whom 2 are an Executive Director, 2 are Non-Executive Director and 2 are Non-Executive Independent Directors (including 1 Non-Executive Independent Director as a Chairperson). Accordingly, the current composition of our Board is in compliance with the Companies Act, 2013 and the SEBI Listing Regulations as applicable.

Set forth below are details regarding our Board as on the date of this Draft Letter of Offer:

Name, Designation, DIN, Date of Birth, Age, Occupation, Address, Nationality, Original date of appointment, Change in designation and Period of Directorship`	Other Directorships in Companies
<p><b>Mulesh Manilal Savla</b>  <b>Designation:</b> Chairman and Non-Executive Independent Director  <b>DIN:</b> 07474847  <b>Date of Birth:</b> November 12, 1964  <b>Age:</b> 58  <b>Occupation:</b> Professional  <b>Address:</b> 604, Kavita, R. B. Mehta Marg, Ghatkopar East, Mumbai – 400077, Maharashtra, India.  <b>Nationality:</b> Indian  <b>Original Date of Appointment:</b> June 13, 2019  <b>Change in Designation:</b> October 21, 2019  <b>Period of Directorship:</b> For a period of five years effective from June 13, 2019 and not liable to retire by rotation.</p>	<p><b>Private Companies:</b> NIL</p> <p><b>Public Companies:</b> 1. Valiant Organics Limited</p>
<p><b>Nikhil Parimal Desai</b>  <b>Designation:</b> Managing Director  <b>DIN:</b> 01660649  <b>Date of Birth:</b> May 19, 1978  <b>Age:</b> 44  <b>Occupation:</b> Business  <b>Address:</b> A-1403, Runwal Heights, L.B.S. Road, Opp. Nirmal Lifestyle, Mulund West, Mumbai-400080, Maharashtra, India.  <b>Nationality:</b> Indian  <b>Original Date of Appointment:</b> June 18, 2018  <b>Re-appointment:</b> August 20, 2022  <b>Period of Directorship:</b> Re-appointed for a further period of five years effective from August 20, 2022 to August 19, 2027 not liable to retire by rotation.</p>	<p><b>Private Companies:</b> 1. Nikhil Holdings Private Limited</p> <p><b>Public Companies:</b> 1. Aarti HPC Limited 2. Sulochna and Nandini Welfare Foundation</p>
<p><b>Santosh Madhaorao Kakade</b>  <b>Designation:</b> Executive Director  <b>DIN:</b> 08505234  <b>Date of Birth:</b> February 05, 1971  <b>Age:</b> 51  <b>Occupation:</b> Business  <b>Address:</b> Plot No. 75, Aditi Vihar Colony, Mhowgaon, Bhatkhedi, Mhow 453441, Madhya Pradesh, India.  <b>Nationality:</b> Indian  <b>Original Date of Appointment:</b> August 20, 2019  <b>Re-appointment:</b> August 20, 2022  <b>Period of Directorship:</b> Re-appointed w.e.f. August 20, 2022, liable to retire by rotation.</p>	<p><b>Public Companies:</b> 1. Aarti HPC Limited</p>

Name, Designation, DIN, Date of Birth, Age, Occupation, Address, Nationality, Original date of appointment, Change in designation and Period of Directorship`	Other Directorships in Companies
<p><b>Shri Chandrakant Vallabhaji Gogri</b>  <b>Designation:</b> Non-Executive Non-Independent Director  <b>DIN:</b> 00005048  <b>Date of Birth;</b> August 16, 1946  <b>Age:</b> 76  <b>Occupation:</b> Industrialist  <b>Address:</b> 1801, Richmond Tower, Cliff Avenue, Hiranandani Garden, Near Hiranandani School, Powai, Mumbai-400076, Maharashtra, India.  <b>Nationality:</b> Indian  <b>Original Date of Appointment:</b> June 18, 2018  <b>Period of Directorship:</b> Liable to retire by rotation</p>	<p><b>Private Companies:</b></p> <ol style="list-style-type: none"> <li>1. Anushakti Enterprise Private Limited</li> <li>2. Saswat Trusteeship Private Limited</li> <li>3. Aarti Nature Care Private Limited</li> <li>4. Parakh Hospitals Private Limited</li> <li>5. Crystal Millennium Realtors Private Limited</li> <li>6. KJF Shelters Foundation</li> <li>7. KJF Manavta-Ni-Mahek Foundation</li> </ol> <p><b>Public Companies:</b></p> <ol style="list-style-type: none"> <li>1. Alchemie Financial Services Limited.</li> <li>2. Anushakti Chemicals and Drugs Limited</li> </ol>
<p><b>Dattatray Sidram Galpalli</b>  <b>Designation:</b> Non-Executive Non-Independent Director  <b>DIN:</b> 01853463  <b>Date of Birth;</b> September 20, 1959  <b>Age:</b> 63  <b>Occupation:</b> Business  <b>Address :</b> B-301, Rajhans Complex, Chharwada Road, Opp. Macromol, Vapi-Pardi, Valsad- 396191, Gujrat, India.  <b>Nationality:</b> Indian  <b>Original Date of Appointment:</b> June 18, 2018  <b>Period of Directorship:</b> Liable to retire by rotation</p>	<p><b>Private Companies:</b> NIL</p> <p><b>Public Companies:</b> NIL</p>
<p><b>Misha Bharat Gala</b>  <b>Designation:</b> Non – Executive Independent Director  <b>DIN:</b> 08523865  <b>Date of Birth;</b> April 06, 1990  <b>Age:</b> 32  <b>Occupation:</b> Professional  <b>Address:</b> 335, Bldg No. 9, Gulmarg Tarang Co - op Housing Society, Shailendra Nagar, S. V Road, Dahisar East, Mumbai – 400068, Maharashtra, India.  <b>Nationality:</b> Indian  <b>Original Date of Appointment:</b> August 20, 2019  <b>Re-appointment:</b> October 21, 2019  <b>Period of Directorship:</b> For a period of five years effective from August 20, 2019 and not liable to retire by rotation.</p>	<p><b>Public Companies:</b> NIL</p> <p><b>Private Companies:</b> NIL</p>

### Brief Biographies of our Directors

**Mulesh Manilal Savla** is the Chairman and Independent Director of our Company.

**Qualification:** Chartered Accountant

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

**Nikhil Parimal Desai** is a Managing Director of our Company.

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

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

**Santosh Madhaorao Kakade** is an Executive Director of our Company.

**Qualifications:** BE (Electrical)

**Experience and expertise in specific functional areas:**

He has over 25 years of rich experience in the field of Plant Operations, Process development, Supply Chain Management and General Management.

**Shri Chandrakant Vallabhaji Gogri** is a Non-Executive Non-Independent Director of our Company.

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

**Experience and expertise in specific functional areas.** He is the founder of Aarti Group of Industries. His experience in areas of encompassing Projects, Operations, Process Development, and Local & International Marketing in the Chemical Industry is remarkable. He has been awarded the prestigious "Distinguished Alumnus Award" from UDCT (ICT) in the year 1995 for excellent performance as Entrepreneurs in Chemical Industry.

**Dattatray Sidram Galpalli** is a Non-Executive Non-Independent Director of our Company.

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

**Experience and expertise in specific functional areas:** He have a rich experience of working since last 40 years in various Chemical Industries producing specialty chemicals & intermediates for agrochemicals, pharmaceuticals, pigments and dyes. He has also worked with over 100-unit processes & unit operations involving large continuous & batch plant. He has carried out various expansion projects leading to improvements in productivity, safety health & environment and energy efficiency etc. He has expertise in trouble shooting, debottlenecking & isomers separation technology. He has developed processes for converting waste products in to value added products facilitating cost efficiency and Waste Management Mechanism.

**Misha Bharat Gala** is a Non-Executive Independent Director of our Company.

**Qualifications:** Chartered Accountant

**Experience and expertise in specific functional areas:** She is a Chartered Accountant by profession. Currently she is employed with leading financial Institution since last 4 years. During her career span as Chartered Accountant she has worked with leading multinationals in the Finance field.

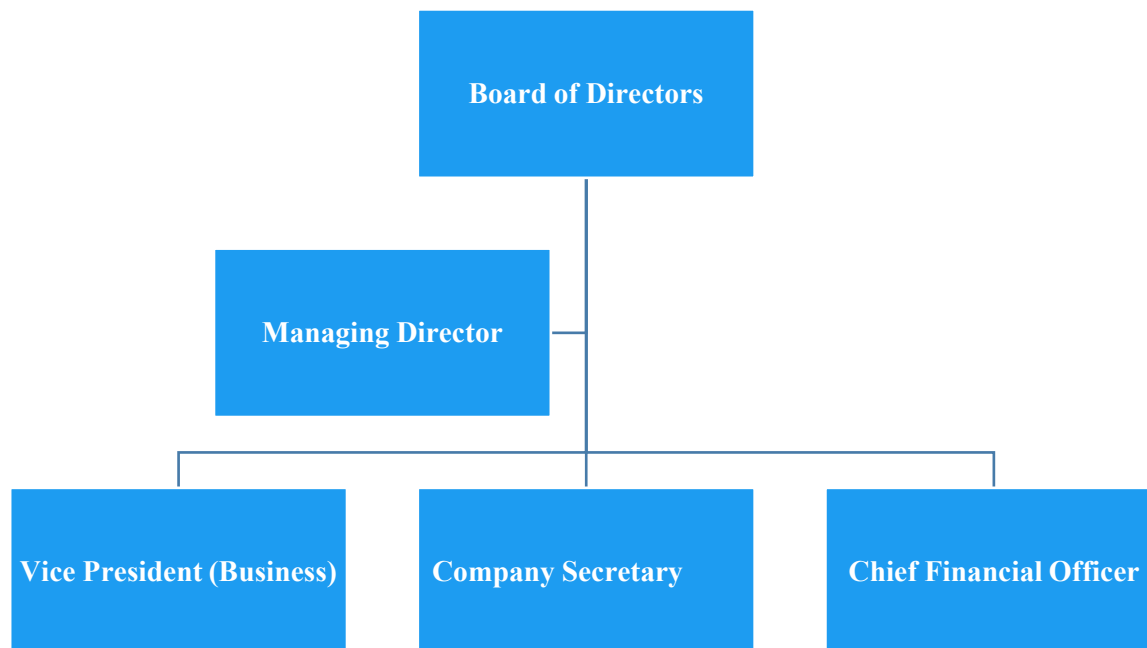
### **Confirmations**

- None of our Directors is or was a director of any listed companies, whose shares have been or were suspended from being traded on any stock exchanges having nationwide terminals, during the five (5) years preceding from the date of this Draft Letter of Offer, during their term of directorship in such company.
- None of our Directors is or was, a director of any listed companies, which has been or were delisted from any stock exchange(s), during the five (5) years preceding from the date of this Draft Letter of Offer, during their term of directorship in such company.
- None of our Directors have been debarred or prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.
- None of our Directors, have been identified as Wilful Defaulters or Fraudulent Borrowers.
- None of our Directors are declared as Fugitive Economic Offenders.
- None of our Directors are, in any manner, associated with the securities market.



- The present directors in our Board are not related to each other within the meaning of section 2(77) of the Companies Act, 2013. Nil
- We have not entered into any arrangement or understanding with our major shareholders, customers, suppliers, or others, pursuant to which any of our directors were selected as Directors or members of the senior management. Nil
- Except statutory benefits upon termination of their employment in our Company on retirement, no officer of our Company, including our Directors and the Key Managerial Personnel has entered into a service contract with our Company, pursuant to which they are entitled to any benefits upon termination of employment.

### **Management Organisation Structure**



### **Corporate Governance**

The provisions of the Companies Act, 2013 and SEBI Listing Regulations with respect to corporate governance are applicable to us.

We are in compliance with the requirements of the applicable provisions of the Act and the Regulations, including the SEBI Listing Regulations and Companies Act, 2013, in respect of corporate governance including constitution of our Board and Committees thereof. Our corporate governance framework is based on an effective independent Board, separation of the Board’s supervisory role from the executive management team and constitution of the Committees, as required under the law.

Our Board undertakes to take all necessary steps to continue to comply with all the requirements of the SEBI Listing Regulations and the Companies Act, 2013. Our Board functions either directly, or through various committees constituted to oversee specific operational areas.

#### **Committees of our Board**

Our Board has constituted following committees in accordance with the requirements of the Companies Act and SEBI Listing Regulations:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders’ Relationship Committee
4. Risk Management Committee
5. Corporate Social Responsibility Committee

Details of each of these committees are as follows:



## **Audit Committee**

Our Audit Committee was reconstituted by our Board of Directors in their meeting held on August 20, 2019, with the following members forming a part of the said committee:

<b>Name</b>	<b>Designation</b>	<b>Chairman/Member</b>
Mullesh Manilal Savla	Non-Executive Independent Director	Chairman
Shri Chandrakant Vallabhaji Gogri	Non-Executive Non-Independent Director	Member
Misha Bharat Gala	Non-Executive - Independent Director	Member

The Company Secretary acts as the Secretary of the Audit Committee.

The scope, functions and the terms of reference of our Audit Committee, is in accordance with Section 177 of the companies act, 2013 and Regulation 18 of the SEBI Listing Regulations which are as follows:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. 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.
6. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
7. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
8. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub section (3) of section 134 of the Companies Act, 2013.
  - b) Changes, if any, in accounting policies and practices and reasons for the same
  - c) Major accounting entries involving estimates based on the exercise of judgment by management
  - d) Significant adjustments made in the financial statements arising out of audit findings
  - e) Compliance with listing and other legal requirements relating to financial statements
  - f) Disclosure of any related party transactions
  - g) Qualifications in the draft audit report.
9. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
10. 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 utilized 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.
11. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
12. 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.
13. Discussion with internal auditors any significant findings and follow up there on.
14. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
15. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
16. 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.
17. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
18. 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 & background, etc. of the candidate.
19. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

20. Mandatorily reviews the following information:
  - a) Management discussion and analysis of financial condition and results of operations;
  - b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - d) Internal audit reports relating to internal control weaknesses; and
  - e) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee
21. Review the Vigil mechanism (whistle blowing) policy.
22. Review the use/application of funds raised through an issue (public issues, right issues, preferential issues etc) on a quarterly basis as a part of the quarterly declaration of financial results. Further, review on annual basis statements prepared by the Company for funds utilized for purposes other than those stated in the offer document.

In addition, to carry out such other functions/powers as may be delegated by the Board to the Committee from time to time.

The periodic review ensures that all areas within the scope of the Committee are reviewed. All members of the Audit Committee possess strong knowledge of accounting and financial management. The Chairman of the Company, Chief Financial Officer, the Internal Auditors and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee. The Internal Auditor reports to the Chairman of the Audit Committee. The significant audit observations and corrective actions as may be required and taken by the management are presented to the Audit Committee.

As required under the SEBI Listing Regulations, the Audit Committee meets at least four times a year with maximum interval of 120 days between two meetings and the quorum for each meeting of the Audit Committee is two members or one third of the number of members of the Committee, whichever is greater, provided that minimum of two independent directors are present at each of the meetings.

#### **Nomination and Remuneration Committee**

Our Nomination and Remuneration Committee was last reconstituted by our Board of Directors in their meeting held on July 13, 2020. The members of the said committee are as follows:

<b>Name</b>	<b>Designation</b>	<b>Chairperson/Member</b>
Misha Bharat Gala	Non-executive Independent Director	Chairperson
Mulesh Manilal Savla	Non-executive Independent Director	Member
Shri Chandrakant Vallabhaji Gogri	Non-Executive Non-Independent Director	Member

The Company Secretary acts as the secretary of the Nomination and Remuneration Committee.

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

1. Identify persons who are qualified to become directors and may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
2. formulation of criteria to determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of directors, key managerial personnel and other employees;
3. for every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description.
  - a) use the services of external agencies, if required;
  - b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - c) consider the time commitments of the candidates.

4. formulation of criteria for evaluation of performance of independent directors and the board of directors;
5. devising a policy on diversity of board of directors;
6. decide the salary, allowances, perquisites, bonuses, notice period, severance fees and increment of Executive Directors;
7. Determine our Company's policy on specific remuneration package for the Managing Director /Executive Director including pension rights;
8. Define and implement the Performance Linked Incentive Scheme (including ESOP of the Company) and evaluate the performance and determine the amount of incentive of the Executive Directors for that purpose;
9. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
10. 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;
11. decide the amount of Commission payable to the Whole-Time Directors;
  - i. Review and suggest revision of the total remuneration package of the Executive Directors keeping in view the performance of the Company, standards prevailing in the industry, statutory guidelines etc; and
  - ii. to formulate and administer the Employee Stock Option Scheme; and
12. recommend to the Board all remuneration, in whatever form, payable to senior management

As required under the SEBI Listing Regulations, the Nomination and Remuneration Committee shall meet at least once a year, and the chairperson of the committee shall be present at the Annual General Meetings to answer queries of the shareholders. The quorum for each meeting of the said committee shall be either two members or one-third of the members of the committee whichever is greater, including at least one independent director in attendance at the meeting.

#### **Stakeholders' Relationship Committee**

Our Stakeholders Relationship Committee was last reconstituted on August 20, 2019. The members of the said committee are as follows:

<b>Name</b>	<b>Designation</b>	<b>Chairman/Member</b>
Dattatray Sidram Galpalli	Non-Executive Non-Independent Director	Chairman
Nikhil Parimal Desai	Executive Director	Member
Mullesh Manilal Savla	Non-Executive Independent Director	Member

The Company Secretary acts as the secretary of the Stakeholders Relationship Committee.

The scope and function of the Stakeholders Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations and the terms of reference, powers and scope of the Stakeholders Relationship Committee of our Company include:

1. Redressal of shareholders' and investors' complaints, including and in respect of:
  - i. Allotment, transfer of shares including transmission, splitting of shares, changing joint holding into single holding and vice versa, issue of duplicate shares in lieu of those torn, destroyed, lost or defaced or where the space at back for recording transfers have been fully utilized.
  - ii. Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.;

- iii. Non-receipt of share certificate(s), non-receipt of declared dividends, non-receipt of interest/dividend warrants, non-receipt of annual report and any other grievance/complaints with Company or any officer of the Company arising out in discharge of his duties.
2. Review the process and mechanism of redressal of Shareholders' /Investor's grievance and suggest measures of improving the system of redressal of Shareholders' /Investors' grievances.
3. Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
4. Reviewing on a periodic basis the approval/refusal of transfer or transmission of shares, debentures or any other securities;
5. Issue of duplicate certificates and new certificates on split/consolidation/renewal;
6. Allotment and listing of shares;
7. Review of measures taken for effective exercise of voting rights by shareholders.
8. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
9. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
10. Oversee the implementation and compliance of the Code of Conduct adopted by the Company for prevention of Insider Trading for Listed Companies as specified in the Securities & Exchange Board of India (Prohibition of insider Trading) Regulations, 2015 as amended from time to time.
11. Any other power specifically assigned by the Board of Directors of the Company from time to time by way of resolution passed by it in a duly conducted Meeting, and
12. Carrying out any other function contained in the equity listing agreements as and when amended from time to time.

As required under the SEBI Listing Regulations, the Stakeholders Relationship Committee meets at least once a year, and the chairperson of the committee shall be present at the Annual General Meetings to answer queries of the security holders. The quorum for the meeting of this Committee shall be either two members or one third of the members of the Committee whichever is greater, including at least one independent director in attendance at the meeting.

### **Risk Management Committee**

Regulation 21 of the Listing Regulations mandates constitution of the Risk Management Committee. The Committee is required to lay down the procedures to inform to the Board about the risk assessment and minimization procedures and the Board shall be responsible for framing, implementing and monitoring the Risk Management Plan of the Company.

Our Risk Management Committee was reconstituted on May 21, 2021. The members of the said committee are as follows:

<b>Name</b>	<b>Designation</b>	<b>Chairman/Member</b>
Nikhil Parimal Desai	Executive Director	Chairman
Mulesh Manilal Savla	Non-Executive Independent Director	Member
Santosh Madhaorao Kakade	Executive Director	Member
Shri Chandrakant Vallabhaji Gogri	Non-Executive Non-Independent Director	Member
Nitesh Medh	Chief Financial Officer	Member
Prashant B. Gaikwad	Company Secretary	Member (ceased w.e.f. April 14, 2022)
Pravin Malviya	Internal Auditor	Member (ceased w.e.f. May 04, 2022)

The terms of reference, powers and role of our Risk Management Committee are as follows:

The scope and function of the Risk Management Committee is in accordance with Regulation 21 of the SEBI Listing Regulations. Its terms of reference are as follows:

1. Approve and periodically review the risk management policies of the Corporation 's operations
2. Review significant reports from regulatory agencies relating to risk management and compliance issues, and management's responses
3. Policies and procedures establishing risk management governance, risk management procedures, and risk control infrastructure for operations.
4. Review and approve the Corporation's risk appetite statement on an annual basis; approve any material amendment to the risk appetite statement
5. Review and approve the Contingency Funding Plan contained in the Corporation's Liquidity Policy at least annually, and approve any material revisions to this plan prior to implementation.
6. Review significant risk exposures and the steps, including policies and procedures, that management has taken to identify, measure, monitor, control, limit and report such exposures, including, without limitation, credit, market fiduciary, liquidity, reputational, operational, fraud, strategic, technology (data-security, information, business-continuity risk, etc.), and risks associated with incentive compensation plans.
7. Review and evaluate the Corporation's practices with respect to risk assessment and risk management
8. Review reports and significant findings of Risk and Compliance and the Internal Audit Department with respect to the risk management and compliance activities of the Corporation, together with management's responses and follow-up to these repolls.
9. To evaluate various risks of the business and to draw out a risk management plan for the Company
10. To take steps to identify and mitigate Information Technology and Cyber Security Risks that the Company is or may be exposed to, on a regular basis.
11. To monitor and review risk management and mitigation plan of the Company.
12. To inform board on the effectiveness of the risk management framework and process of risk management,

### **Corporate Social Responsibility Committee**

The Corporate Social Responsibility Committee was reconstituted on May 21, 2021. The current constitution of the Corporate Social Responsibility committee is as follows:

<b>Name</b>	<b>Designation</b>	<b>Chairman/Member</b>
Shri Chandrakant Vallabhaji Gogri	Non-Executive – Non Independent Director	Chairman
Nikhil Parimal Desai	Executive Director	Member
Misha Bharat Gala	Non-Executive Independent Director	Member

The scope and function of the Corporate Social Responsibility Committee is in accordance with Section 135 of the Companies Act, 2013. Its terms of reference are as follows:

1. formulate and recommend to the Board, a “Corporate Social Responsibility Policy” which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and the rules made thereunder, as amended, monitor the implementation of the same from time to time, and make any revisions therein as and when decided by the Board.
2. identify corporate social responsibility policy partners and corporate social responsibility policy Programmes.
3. review and recommend the amount of expenditure to be incurred on the activities referred to in clause (a) and the distribution of the same to various corporate social responsibility programs undertaken by the Company.
4. delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities.
5. review and monitor the implementation of corporate social responsibility programmes and issuing



6. necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes; and
7. any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board, from time to time, and
8. exercise such other powers as may be conferred upon the Corporate Social Responsibility Committee in terms of the provisions of Section 135 of the Companies Act.

### **Rights Issue Committee**

The current constitution of the Rights Issue Committee are as follows:

<b>Name</b>	<b>Designation</b>	<b>Chairman/Member</b>
Mullesh Manilal Savla	Non-Executive - Independent Director,	Chairman
Nikhil Parimal Desai	Executive Director,	Member
Shri Chandrakant Vallabhaji Gogri	Non-Executive - Non Independent Director	Member

The scope and function of the Rights Issue Committee are as follows:

The terms of reference, powers and role of our Rights Issue Committee are as follows:

1. To appoint and enter into arrangements with the lead manager for the Rights Issue (the "Lead Manager"), legal advisor(s), registrar, ad agency, monitoring agency, banker(s) to the Rights Issue and all other intermediaries and advisors necessary for the Rights Issue, to enter into and execute all such arrangements, contracts/agreements, memorandum, documents, etc., in connection therewith;
2. To negotiate, authorize, approve and pay commission, fees, remuneration, expenses and / or any other charges to the applicable agencies/ persons and to give them such directions or instructions as it may deem fit from time to time;
3. to approve and adopt any financial statements prepared for purposes of inclusion in the Issue Documents, pursuant to the requirements outlined by the SEBI ICDR Regulations or any other applicable law for time being in force, including intimating the approval and adoption of such financial statements to the Stock Exchanges, if required;
4. to negotiate, finalize, settle and execute the issue agreement, registrar agreement, monitoring agency agreement, ad-agency agreement, banker to the issue agreement and any other agreement with an intermediary and all other necessary documents, deeds, agreements and instruments in relation to the Rights Issue, including but not limited to any amendments/ modifications thereto;
5. to take necessary actions and steps for obtaining relevant approvals from SEBI, the Stock Exchanges, or such other authorities, whether regulatory or otherwise, as may be necessary in relation to the Rights Issue;
6. to finalize the Issue Documents and any other documents as may be required and to file the same with SEBI, Stock Exchanges and other concerned authorities and issue the same to the Shareholders of the Company or any other person in terms of the Issue Documents or any other agreement entered into by the Company in the ordinary course of business;
7. to approve, finalize and issue in such newspapers as it may deem fit and proper all notices, including any advertisement(s)/ supplement(s)/ corrigenda required to be issued in terms of SEBI ICDR Regulations or other applicable SEBI guidelines and regulations or in compliance with any direction from SEBI and/or such other applicable authorities;
8. to decide in accordance with applicable law, the terms of the Rights Issue, including the nature of the Securities, the total number, issue price and other terms and conditions for issuance of the Securities to be offered in the Rights Issue, and suitably vary the size of the Rights Issue, if required, in consultation with the Lead Manager(s);
9. to fix the record date for the purpose of the Rights Issue for ascertaining the names of the eligible Shareholders who will be entitled to the Securities, in consultation with the Stock Exchanges;
10. to decide the rights entitlement ratio in terms of number of Securities which each existing Shareholder on the record date will be entitled to, in proportion to the Securities held by the eligible Shareholder on such date;
11. to open bank accounts with any nationalized bank/ private bank/ scheduled bank for the purpose of receiving applications along with application monies and handling refunds in respect of the Rights Issue;



12. to appoint the collecting bankers for the purpose of collection of application money for the Rights Issue at the mandatory collection centers at the various locations in India;
13. to decide on the marketing strategy of the Rights Issue and the costs involved;
14. to decide in accordance with applicable law on the date and timing of opening and closing of the Rights Issue and to extend, vary or alter or withdraw the same as it may deem fit at its absolute discretion or as may be suggested or stipulated by SEBI, the Stock Exchanges or other authorities from time to time;
15. to issue and allot Securities in consultation with the Lead Manager, the registrar, the designated Stock Exchange and the Stock Exchanges and to do all necessary acts, execution of documents, undertakings, etc. with National Securities Depository Limited and Central Depository Services (India) Limited, in connection with admitting the Securities issued in the Rights Issue;
16. to sign the listing applications, print share certificates, issue ASBA instructions and share certificates.
17. to apply to regulatory authorities seeking their approval for allotment of any unsubscribed portion of the Rights Issue (in favour of the parties willing to subscribe to the same);
18. to decide, at its discretion, the proportion in which the allotment of additional securities shall be made in Rights Issue;
19. to take such actions as may be required in connection with the creation of separate ISIN for the credit of rights entitlements in the Rights Issue;
20. to dispose of the unsubscribed portion of the Securities in such manner as it may think most beneficial to the Company, including offering or placing such Securities with promoter and / or promoter group / banks / financial institutions / investment institutions / mutual funds / foreign institutional investors / bodies corporate or such other persons as the Rights Issue Committee may in its absolute discretion deem fit;
21. to make necessary changes and to enter the names of the renounees, if they are not members of the Company in the register of members of the Company;
22. to decide the mode and manner of allotment of the Securities if any not subscribed and left / remaining unsubscribed after allotment of the Securities and additional Securities applied by the Shareholders and renounees;
23. to finalise the basis of allotment of the Securities in consultation with Lead Manager, registrar and the designated Stock Exchange and Stock Exchanges, if necessary, including to decide the treatment of fractional entitlement, if any, in relation to the Securities to be issued pursuant to the Rights Issue;
24. to settle any question, difficulty or doubt that may arise in connection with the Rights Issue including the Issue and allotment of the Securities as aforesaid and to do all such acts, deeds and things as the Rights Issue Committee may in its absolute discretion consider necessary, proper, desirable or appropriate for settling such question, difficulty or doubt and making the said Rights Issue and allotment of the Securities; and
25. to take all such steps or actions and give all such directions as may be necessary or desirable in connection with the Rights Issue and also to settle any question, difficulty or doubt that may arise in connection with the Rights Issue including the issuance and allotment of Securities as aforesaid and to do all such acts and deeds in connection therewith and incidental thereto, as the Rights Issue Committee may in its absolute discretion deem fit."

## OUR KEY MANAGERIAL PERSONNEL

Our Company is managed by our Board of Directors, assisted by qualified and experienced professionals, who are permanent employees of our Company. Following are the Key Managerial Personnel of our Company:

### **Details of Key Managerial Personnel and Senior management Personnel**

In addition to our Executive Directors, viz, Nikhil P. Desai and Santosh M. Kakade whose details have been provided under paragraph above titled '*Brief Biographies of our Directors*', given below are the details of our Key Managerial Personnel as on the date of filing of this Draft Letter of Offer:

**Nitesh Medh** – Chief Financial Officer

**Qualifications:** Member of ICAI, Bachelor Degree in Commerce

**Age:** 32

**Experience and expertise in specific functional areas:** Shri Nitesh Medh is having experience of more than 10 years in Manufacturing Industry.

**Priyanka Chaurasia - Company Secretary and Compliance Officer**

**Qualifications:** Member of ICSI, Law Graduate, Bachelor Degree in Commerce from University of Mumbai

**Age:** 30 years

**Experience and expertise in specific functional areas:** Ms. Priyanka Chaurasia, is having experience of more than six years in areas like Corporate Governance, Compliance, Regulatory and Corporate Secretarial.

**Relationship Between Key Managerial Personnel / Directors**

None of the Key Managerial Personnel / Directors are related to each other:

## OUR PROMOTER

Our Promoters are Shri Parimal Hasmukhlal Desai and Shri Chandrakant Vallabhaji Gogri. As on date of this Draft Letter of Offer, our Promoters hold, in aggregate of 1,06,948 Equity Shares 1.41% of our issued, subscribed and paid-up equity share capital, respectively.

### **Brief Description of Promoters:**

#### **Shri Parimal Hasmukhlal Desai**

Shri Parimal Hasmukhlal Desai, aged 73 years, holds 1,06,646 Equity Shares constituting 1.41% of our issued, subscribed and paid-up equity share capital. He is a chemical engineer from UDCT, Mumbai. He has more than 38 years of experience in development and project implementation in the chemical industry. The other directorship held in Companies are as follows:

#### **Private Companies:**

- i. Nikhil Holdings Pvt Ltd
- ii. Mindcruisers Consulting Private Limited
- iii. Sulochna and Nandini Welfare Foundation

#### **Public Companies:**

1. Aarti Industries Limited
2. Anushakti Chemicals and Drugs Limited
3. Aarti Corporate Services Limited
4. Aarti Pharmalabs Limited
5. Aarti HPC Limited

#### **Shri Chandrakant Vallabhaji Gogri**

Shri Chandrakant Vallabhaji Gogri aged 76 years is the Promoter and Non-Executive Director of our Company. As on the date of this Draft Letter of Offer, he holds, in aggregate, 302 Equity Shares, of our issued, subscribed and paid-up equity share capital of our Company. He holds a Bachelor of Engineering (Chem) degree from "Institute of Chemical Technology, Mumbai". He founded Aarti Industries as a modest manufacturing facility and aided in its evolution into the innovative Company it is today. He has superior expertise in the fields of chemical industry projects, operations, process development, and marketing. His ability and aptitude for finance assisted the Aarti Group through a crucial expansion period. He is the Chairman Emeritus of Speciality Chemical Leader Aarti Industries Limited. For his contributions to the Indian chemical industry, Shri Chandrakant V. Gogri has been awarded the prestigious "Distinguished Alumnus Award" from UDCT (ICT) in the year 1995 for excellent performance as Entrepreneurs in Chemical Industry along with receiving the renowned Lala Shriram National Award for leadership in the chemical industry in 2015 and the ICC's D.M. Trivedi Lifetime Achievement Award in 2019.

The other directorship held in Companies are as follows:

#### **Private Companies:**

1. Anushakti Enterprise Private Limited
2. Saswat Trusteeship Private Limited
3. Aarti Nature Care Private Limited
4. Parakh Hospitals Private Limited
5. Crystal Millennium Realtors Private Limited
6. KJF Shelters Foundation
7. KJF Manavta-Ni-Mahek Foundation

#### **Public Companies:**

1. Alchemie Financial Services Limited.
2. Anushakti Chemicals and Drugs Limited

#### **Confirmations**

1. Our Promoter has not been declared as a Wilful Defaulter or a Fraudulent Borrower by the RBI or any other governmental authority and there are no violations of securities laws committed by it in the past or is currently pending against it.
2. Our Promoter has not been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018.
3. Our Promoters have not been debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority. None of our Promoters is and has never been a promoter, director, or person in control of any other company, which is debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Save and except as disclosed in “***Outstanding Litigations and Material Developments – Litigation involving our Promoter***” on page 172, there are no litigation or legal action pending or taken by any Ministry, Department of the Government or statutory authority during the last 5 years preceding the date of the Issue against our Promoter.

## DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited to working capital requirements, profit earned during the Fiscal, capital expenditure requirements, cash flow to meet contingencies, liquidity, and applicable taxes payable by our Company. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements our Company may enter into to finance our fund requirements for our business activities.

Our Company has, by way of a resolution of the Board of Directors dated October 29, 2021 adopted a formal dividend distribution policy.

The amounts declared as dividends in the past are not necessarily indicative of our dividend amounts, if any, in the future. Our Company may pay dividend by cheque, or electronic clearance service, as will be approved by our Board in the future. Our Board may also declare interim dividends from time to time.

### Dividends paid on Equity Shares:

Except as mentioned below Our Company has not declared any dividends for the last 3 Fiscal years and from April 1, 2022 till the date of this Draft Letter of Offer.

Particulars	April 1, 2022 till date of this Letter of Offer	Fiscal		
		Fiscal 2022	Fiscal 2021	Fiscal 2020
Number of Equity Shares	7584477	7584477	7584477	7584477
Face value of Equity Share (in ₹)	10	10	10	10
Aggregate Dividend (in ₹ lakhs) (Interim + Final)	Nil	Nil	227.53	Nil
Dividend per Equity Share (in ₹) (Interim + Final)	Nil	Nil	3	Nil
Rate of dividend (%)	Nil	Nil	30%	Nil
Dividend Distribution Tax (%)	Nil	Nil	Nil	Nil
Dividend Distribution Tax (in ₹ lakhs)	Nil	Nil	Nil	Nil
Mode of Payment of Dividend	Nil	Nil	RTGS	Nil

*As certified by Gokhale & Sathe., Chartered Accountants, pursuant to their certificate dated December 09, 2022.*

The amounts paid as dividends in the past are not necessarily indicative of our Company's dividend policy or dividend amounts, if any, in the future. There is no guarantee that any dividends will be declared or paid, or the amount thereof will not be decreased in the future. Please see '**Risk Factor - Our ability to pay dividends in the future will depend on our working capital requirements, profit earned during the Fiscal, capital expenditure requirements, cash flow to meet contingencies, liquidity, applicable taxes payable by our Company and restrictive covenants of any financing arrangements**' on page 42 of this Draft Letter of Offer.

**SECTION V – FINANCIAL INFORMATION**

**RESTATED FINANCIAL STATEMENTS**

<b>Particulars</b>	<b>Page No.</b>
Audited Standalone and Consolidated Financial Results for the half year ended on September 30, 2022	104 to 106
Restated Standalone and Consolidated Financial Statements for the financial year ended March 31, 2022, 2021, 2020	107 to 160



**AUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30th SEPTEMBER 2022**

(Rs. in Lakhs)

Sr. No.	Particulars	Standalone Result					
		3 Months Ended			6 Months Ended		Year Ended
		30th Sept 2022 (Audited)	30th Jun 2022 (Audited)	30th Sept 2021 (Audited)	30th Sept 2022 (Audited)	30th Sept 2021 (Audited)	31st Mar 2022 (Audited)
<b>1</b>	<b>INCOME</b>						
	a) Revenue from Operations (Net)	15,176.52	15,813.33	13,981.52	30,989.85	28,896.53	57,551.70
	b) Other Income	8.68	9.79	-	18.47	3.37	29.05
	<b>Total Income</b>	<b>15,185.20</b>	<b>15,823.12</b>	<b>13,981.52</b>	<b>31,008.32</b>	<b>28,899.90</b>	<b>57,580.75</b>
<b>2</b>	<b>EXPENSES</b>						
	a) Cost of Materials Consumed	11,900.33	15,204.03	11,635.61	27,104.36	24,410.10	46,287.46
	b) Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	452.02	(2,608.37)	(940.51)	(2,156.35)	(1,951.21)	(732.82)
	c) Employee Benefits Expense	458.98	391.38	481.53	850.36	928.14	1,799.35
	d) Finance Costs	374.01	298.04	281.99	672.05	535.21	1,066.60
	e) Depreciation and Amortisation Expenses	405.85	348.84	347.78	754.69	689.88	1,244.57
	f) Other Expenses	1,487.82	1,676.43	2,046.76	3,164.25	3,588.78	6,983.13
	<b>Total Expenses</b>	<b>15,079.01</b>	<b>15,310.35</b>	<b>13,853.16</b>	<b>30,389.36</b>	<b>28,200.90</b>	<b>56,648.29</b>
<b>3</b>	<b>Profit/(Loss) before Exceptional Items and Tax (1-2)</b>	<b>106.19</b>	<b>512.77</b>	<b>128.36</b>	<b>618.96</b>	<b>699.00</b>	<b>932.46</b>
<b>4</b>	Exceptional Items	-	-	-	-	-	-
<b>5</b>	<b>Profit/(Loss) before Tax (3-4)</b>	<b>106.19</b>	<b>512.77</b>	<b>128.36</b>	<b>618.96</b>	<b>699.00</b>	<b>932.46</b>
<b>6</b>	<b>TAX EXPENSES</b>						
	a) Current Year Tax	-	72.00	12.10	72.00	122.61	65.71
	b) Deferred Tax	73.88	69.91	32.87	143.79	41.14	316.70
	<b>Total Tax Expenses</b>	<b>73.88</b>	<b>141.91</b>	<b>44.97</b>	<b>215.79</b>	<b>163.75</b>	<b>382.41</b>
<b>7</b>	<b>Net Profit/(Loss) from Ordinary Activities after Tax (5-6)</b>	<b>32.31</b>	<b>370.86</b>	<b>83.39</b>	<b>403.17</b>	<b>535.25</b>	<b>550.05</b>
<b>8</b>	<b>Net Profit/(loss) for the period (7-8)</b>	<b>32.31</b>	<b>370.86</b>	<b>83.39</b>	<b>403.17</b>	<b>535.25</b>	<b>550.05</b>
<b>9</b>	Other Comprehensive Income	-	-	-	-	-	4.80
<b>10</b>	<b>Total Comprehensive Income for the period (Comprising Profit/(Loss) and Other Comprehensive Income for the period) (9+10)</b>	<b>32.31</b>	<b>370.86</b>	<b>83.39</b>	<b>403.17</b>	<b>535.25</b>	<b>554.85</b>
<b>11</b>	<b>Earnings per Equity share:</b>						
	(1) Basic/Diluted	0.43	4.89	1.10	5.32	7.06	7.25
<b>12</b>	<b>Paid-up Equity Share Capital (Face Value of Rs. 10/-each)</b>	<b>758.45</b>	<b>758.45</b>	<b>758.45</b>	<b>758.45</b>	<b>758.45</b>	<b>758.45</b>
<b>13</b>	<b>Reserve excluding Revaluation Reserves as per Balance Sheet of previous Accounting Year</b>						<b>12,835.07</b>
<b>14</b>	<b>Net Worth</b>						<b>13,593.52</b>





**AUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30th SEPTEMBER 2022**

(Rs. in Lakhs)

Sr. No.	Particulars	Consolidated Result					
		3 Months Ended			6 Months Ended		Year Ended
		30th Sept 2022 (Audited)	30th Jun 2022 (Audited)	30th Sept 2021 (Audited)	30th Sept 2022 (Audited)	30th Sept 2021 (Audited)	31st Mar 2022 (Audited)
<b>1</b>	<b>INCOME</b>						
	a) Revenue from Operations (Net)	15,176.52	15,813.33	13,981.52	30,989.85	28,896.53	57,551.70
	b) Other Income	8.68	9.79	-	18.47	3.37	29.05
	<b>Total Income</b>	<b>15,185.20</b>	<b>15,823.12</b>	<b>13,981.52</b>	<b>31,008.32</b>	<b>28,899.90</b>	<b>57,580.75</b>
<b>2</b>	<b>EXPENSES</b>						
	a) Cost of Materials Consumed	11,900.33	15,204.03	11,635.61	27,104.36	24,410.10	46,287.46
	b) Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	452.02	(2,608.37)	(940.51)	(2,156.35)	(1,951.21)	(732.82)
	c) Employee Benefits Expense	458.98	391.38	481.53	850.36	928.14	1,799.35
	d) Finance Costs	374.01	298.04	282.07	672.05	535.29	1,066.68
	e) Depreciation and Amortisation Expenses	405.85	348.84	347.78	754.69	689.88	1,244.57
	f) Other Expenses	1,487.81	1,676.51	2,046.72	3,164.32	3,588.84	6,983.62
	<b>Total Expenses</b>	<b>15,079.00</b>	<b>15,310.43</b>	<b>13,853.20</b>	<b>30,389.43</b>	<b>28,201.04</b>	<b>56,648.86</b>
<b>3</b>	<b>Profit/(Loss) before Exceptional Items and Tax (1-2)</b>	<b>106.20</b>	<b>512.69</b>	<b>128.32</b>	<b>618.89</b>	<b>698.86</b>	<b>931.89</b>
<b>4</b>	Exceptional Items	-	-	-	-	-	-
<b>5</b>	<b>Profit/(Loss) before Tax (3-4)</b>	<b>106.20</b>	<b>512.69</b>	<b>128.32</b>	<b>618.89</b>	<b>698.86</b>	<b>931.89</b>
<b>6</b>	<b>TAX EXPENSES</b>						
	a) Current Year Tax	-	72.00	12.10	72.00	122.61	65.71
	b) Deferred Tax	73.88	69.91	32.87	143.79	41.14	316.70
	<b>Total Tax Expenses</b>	<b>73.88</b>	<b>141.91</b>	<b>44.97</b>	<b>215.79</b>	<b>163.75</b>	<b>382.41</b>
<b>7</b>	<b>Net Profit/(Loss) from Ordinary Activities after Tax (5-6)</b>	<b>32.32</b>	<b>370.78</b>	<b>83.35</b>	<b>403.10</b>	<b>535.11</b>	<b>549.48</b>
<b>8</b>	<b>Net Profit/(loss) for the period (7-8)</b>	<b>32.32</b>	<b>370.78</b>	<b>83.35</b>	<b>403.10</b>	<b>535.11</b>	<b>549.48</b>
<b>9</b>	<b>Profit/(loss) for the period attributable to</b>						
	a) Owners of the Company	32.32	370.78	83.35	403.10	535.11	549.48
	b) Non Controlling Interest	-	-	-	-	-	-
<b>10</b>	<b>Other Comprehensive Income</b>	-	-	-	-	-	4.80
<b>11</b>	<b>Total Comprehensive Income for the period (Comprising Profit/(Loss) and Other Comprehensive Income for the period) (10+11)</b>	<b>32.32</b>	<b>370.78</b>	<b>83.35</b>	<b>403.10</b>	<b>535.11</b>	<b>554.28</b>
<b>12</b>	<b>Earnings per Equity share:</b>						
	(1) Basic/Diluted	0.43	4.89	1.10	5.31	7.06	7.24
<b>13</b>	<b>Paid-up Equity Share Capital (Face Value of Rs. 10/-each)</b>	<b>758.45</b>	<b>758.45</b>	<b>758.45</b>	<b>758.45</b>	<b>758.45</b>	<b>758.45</b>
<b>14</b>	<b>Reserve excluding Revaluation Reserves as per Balance Sheet of previous Accounting Year</b>						12,833.32
<b>15</b>	<b>Net Worth</b>						13,591.77



**Notes:-**

1. The above results for the quarter and six month ended 30th September, 2022 have been reviewed by the Audit Committee in their meeting and approved by the Board of Directors in their meeting held on 05th November, 2022.
2. The aforesaid Financial Results will be uploaded on the Company's website [www.aarti-surfactants.com](http://www.aarti-surfactants.com) and will also be available on the website of BSE Limited [www.bseindia.com](http://www.bseindia.com) and the National Stock Exchange of India Limited [www.nseindia.com](http://www.nseindia.com) for the benefit of the shareholders and investors.
3. The Company deals in only one operating segment which is based on the nature of the product and thus the reporting segment is only one segment i.e. Home and personal care ingredients.
4. Figures for the previous period have been regrouped or rearranged wherever necessary.

For AARTI SURFACTANTS LIMITED

Place: Mumbai

Date: 05th November, 2022



NIKHIL DESAI

MANAGING DIRECTOR

Din-01660649





**Audited Standalone and Consolidated Statement of Assets and Liabilities**

(Rs. In Lakhs)

Sr. No.	Particulars	Standalone		Consolidated	
		30th September 2022	31st March 2022	30th September 2022	31st March 2022
<b>A</b>	<b>ASSETS</b>				
<b>1</b>	<b>Non-Current Assets</b>				
	(a) Property, Plant and Equipment	21,038.61	17,222.30	21,038.61	17,222.30
	(b) Capital work-in-progress	377.13	4,758.79	840.91	5,205.56
	(c) Other Intangible assets	28.03	46.71	28.03	46.71
	(d) Financial Assets				
	(i) Investments	475.03	0.53	0.03	0.03
	(ii) Other Financial Assets	232.25	232.29	239.92	239.96
	(e) Other Non-Current Assets	21.03	27.79	21.03	27.79
	<b>Total Non-Current Assets</b>	<b>22,172.08</b>	<b>22,288.41</b>	<b>22,168.53</b>	<b>22,742.35</b>
<b>2</b>	<b>Current Assets</b>				
	(a) Inventories	12,319.54	7,482.44	12,319.54	7,482.44
	(b) Financial Assets				
	(i) Trade Receivables	4,768.82	5,446.70	4,768.82	5,446.70
	(ii) Cash and Cash Equivalents	72.02	140.86	75.31	142.91
	(iii) Loans	14.68	473.06	14.68	19.59
	(iv) Other Financial Assets	1,326.57	1,474.10	1,326.57	1,474.10
	(c) Other Current Assets	3,556.87	2,811.65	3,561.65	2,815.84
	(d) Current Tax Assets (Net)	82.95	118.27	82.95	118.27
	<b>Total Current Assets</b>	<b>22,141.45</b>	<b>17,947.08</b>	<b>22,149.52</b>	<b>17,499.85</b>
	<b>TOTAL ASSETS</b>	<b>44,313.53</b>	<b>40,235.49</b>	<b>44,318.05</b>	<b>40,242.20</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>				
<b>1</b>	<b>Equity</b>				
	(a) Equity Share Capital	758.45	758.45	758.45	758.45
	(b) Other Equity	13,238.24	12,835.07	13,229.55	12,833.32
	<b>Total Equity</b>	<b>13,996.69</b>	<b>13,593.52</b>	<b>13,988.00</b>	<b>13,591.77</b>
<b>2</b>	<b>Liabilities</b>				
	<b>Non-Current Liabilities</b>				
	(a) Financial Liabilities				
	(i) Borrowings	8,967.65	10,537.17	8,967.65	10,537.17
	(b) Deferred Tax Liabilities (Net)	1,352.04	1,208.25	1,352.04	1,208.25
	<b>Total Non-Current Liabilities</b>	<b>10,319.69</b>	<b>11,745.42</b>	<b>10,319.69</b>	<b>11,745.42</b>
	<b>Current Liabilities</b>				
	(a) Financial Liabilities				
	(i) Borrowings	9,558.93	5,614.59	9,558.93	5,614.59
	(ii) Trade Payables				
	- Micro and Small Enterprises	-	-	-	-
	- Other Than Micro and Small Enterprises	7,915.17	7,009.30	7,915.17	7,017.27
	(iii) Others	533.07	825.91	533.07	825.91
	(b) Other Current Liabilities	936.75	553.64	936.75	553.64
	(c) Provisions	1,053.23	893.11	1,066.44	893.60
	(d) Current Tax Liabilities (Net)	-	-	-	-
	<b>Total Current Liabilities</b>	<b>19,997.15</b>	<b>14,896.55</b>	<b>20,010.36</b>	<b>14,905.01</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>44,313.53</b>	<b>40,235.49</b>	<b>44,318.05</b>	<b>40,242.20</b>

Note:-

1. Figures for the previous period have been regrouped or rearranged wherever necessary.

 Place : Mumbai  
Date: 05th November, 2022

For AARTI SURFACTANTS LIMITED

  
**NIKHIL DESAI**  
 MANAGING DIRECTOR  
 Din-01660649




**Standalone and Consolidated Cash Flow Statement for the period ended 30th September, 2022**

(Rs. In Lakhs)

Sr. No.	Particulars	Standalone		Consolidated	
		30th September 2022	30th September 2021	30th September 2022	30th September 2021
<b>A.</b>	<b>Cash Flow from Operating Activities:</b>				
	Net Profit before Tax and Exceptional/Extraordinary Items	618.96	699.00	618.89	698.86
	<u>Adjustments for:</u>				
	Finance Costs	672.05	535.21	672.05	535.29
	Depreciation and Amortisation Expenses	754.69	689.88	754.69	689.88
	Operating Profit before Working Capital Changes	<b>2,045.70</b>	<b>1,924.09</b>	<b>2,045.63</b>	<b>1,924.03</b>
	<u>Adjustments for:</u>				
	(Increase)/Decrease in Trade and Other Receivables	64.11	(704.75)	84.55	(285.10)
	Increase/(Decrease) in Trade Payables and Other Current Liabilities	1,478.06	3,129.39	1,482.81	3,129.03
	(Increase)/Decrease in Inventories	(4,837.10)	(5,082.19)	(4,837.10)	(5,082.18)
	Cash Generated from Operations	(1,249.23)	(733.46)	(1,224.11)	(314.22)
	Income Taxes Paid	(11.00)	(146.00)	(11.00)	(146)
	Net Cash Flow generated from Operating Activities (A)	<b>(1,260.23)</b>	<b>(879.46)</b>	<b>(1,235.11)</b>	<b>(460.22)</b>
<b>B.</b>	<b>Cash Flow from Investing Activities:</b>				
	Addition to Property, Plant & Equipment/Capital WIP	(511.38)	(2,629.11)	(528.38)	(3,045.60)
	Net Cash Flow Used in Investing Activities (B)	<b>(511.38)</b>	<b>(2,629.11)</b>	<b>(528.38)</b>	<b>(3,045.60)</b>
<b>C.</b>	<b>Cash Flow from Financing Activities:</b>				
	Proceeds/(Repayment) of Long-Term Borrowings	(530.03)	2,632.62	(530.03)	2,632.63
	Proceeds/(Repayment) of Other Borrowings	2,832.06	1,255.70	2,832.06	1,255.70
	Finance Costs	(599.26)	(521.68)	(599.26)	(521.68)
	Dividend Paid	(0.01)	(225.57)	(0.01)	(225.57)
	Stamp Duty Paid on Equity Shares	-	-	(6.87)	-
	Net Cash Flow generated from/(used in) Financing Activities (C)	<b>1,702.77</b>	<b>3,141.07</b>	<b>1,695.89</b>	<b>3,141.08</b>
	<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(68.84)</b>	<b>(367.50)</b>	<b>(67.60)</b>	<b>(364.75)</b>
	Cash and Cash Equivalents (Opening Balance)	140.86	672.57	142.91	673.24
	Cash and Cash Equivalents (Closing Balance)	72.02	305.07	75.31	308.49

**Notes:-**

- Figures for the previous period have been regrouped or rearranged wherever necessary.

 Place : Mumbai  
 Date: 05th November, 2022

For AARTI SURFACTANTS LIMITED


**NIKHIL DESAI**  
 MANAGING DIRECTOR  
 Din-01660649






## **Independent Auditors' Report**

### **To Board of Directors of Aarti Surfactants Limited**

### **Report on Audit of Standalone Audited Financial Results**

#### **Opinion**

We have audited the accompanying standalone financial results of Aarti Surfactants Limited ("the Company") for the quarter ended 30 September 2022 and year to date results for the period 1 April 2022 to 30 September 2022 ("the financial results") attached herewith being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us these financial results:

1. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
2. give a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS-34") prescribed under section 133 of the Companies Act 2013 read with relevant rules thereunder and other accounting principles generally accepted in India of the net profit and total other comprehensive income, and other financial information of the Company for quarter ended 30 September 2022 and year to date results for the period 1 April 2022 to 30 September 2022.

#### **Basis for Opinion**

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







### **Management's Responsibilities for the Standalone Financial Results**

These quarterly and year to date standalone financial results have been prepared on the basis of the interim financial statements. The Company's Board of Directors are responsible for the preparation of these standalone financial results that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial results, the management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management and 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 Company's financial reporting process of the Company.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Results**

Our objectives are to obtain reasonable assurance about whether the standalone financial results 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 financial results.







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

- Identify and assess the risks of material misstatement of the standalone financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management and the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results 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 results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial results 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 results.

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





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

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

Tejas Parikh

Partner

Membership No. 123215

UDIN: - 22123215BCDHLO7402

Date: 5 November 2022

Place: Mumbai







## **Independent Auditors' Report**

**To Board of Directors of Aarti Surfactants Limited**

**Report on Audit of Consolidated Audited Financial Results**

### **Opinion**

We have audited the accompanying consolidated financial results of Aarti Surfactants Limited ("the Holding Company") and its one wholly owned subsidiary company (the Holding Company and its one subsidiary together referred as "the Group") for quarter ended 30 September 2022 and year to date results for the period 1 April 2022 to 30 September 2022 ("the financial results) attached herewith being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us these financial results:

1. includes the results of the following wholly owned subsidiary:  
Aarti HPC Limited
2. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard (refer other matters paragraph); and
3. give a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS-34") prescribed under section 133 of the Companies Act 2013 read with relevant rules thereunder and other accounting principles generally accepted in India of the consolidated net profit and consolidated total other comprehensive income and other financial information of the Group for quarter ended 30 September 2022 and year to date results for the period 1 April 2022 to 30 September 2022.

### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial results 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 Code of Ethics. We believe







that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Managements' Responsibilities for the Consolidated Financial Results**

These quarterly and year to date consolidated financial results have been prepared on the basis of the interim financial statements. The Holding Company's Board of Directors are responsible for the preparation of these financial results that give a true and fair view of the consolidated net profit and consolidated other comprehensive income and other financial information of the Group in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial results, the respective management and the Board of Directors 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 and the Board of Directors either intends to liquidate the Company 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 responsible for overseeing the Company's financial reporting process of the Group.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Results**

Our objectives are to obtain reasonable assurance about whether the consolidated financial results 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 financial results.







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

- Identify and assess the risks of material misstatement of the consolidated financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management and the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results 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 results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial results 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 results.

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







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

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

*Tejas Parikh*

Tejas Parikh

Partner

Membership No. 123215

UDIN: 22123215BCDHWE8133

Date: 5 November 2022

Place: Mumbai





**INDEPENDENT AUDITORS' EXAMINATION REPORT ON THE CONSOLIDATED  
RESTATED FINANCIAL INFORMATION**

Date: 25 November 2022

**The Board of Directors,  
Aarti Surfactants Limited,  
801, 801/23, GIDC Estate,  
Phase III VAPI Valsad - 396195,  
Gujrat, India**

Madam/Sir,

1. We have examined the Restated Consolidated Financial Information of Aarti Surfactants Limited (the "Company") which comprises of Restated Consolidated Statement of Assets and Liabilities as at 31 March 2022, 31 March 2021 and 31 March 2020 , the Restated Consolidated Statement of Profit and Loss, Restated Consolidated Statement of Changes in Equity and the Restated Consolidated Statement of Cash Flows for the years ended on 31 March 2022, 31 March 2021 and 31 March 2020, Significant Accounting Policies and other explanatory information (together referred as "Restated Consolidated Financial Information") prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with of the Companies (Indian Accounting Standards) (Amendment) Rules, 2015 amended from time to time and other relevant provisions of the Act and annexed to this report for the purpose of inclusion in the Letter of Offer (the "Offer Document" ), prepared by the Company in connection with its proposed right issue of its equity shares This restated financial information has been prepared by the Company and approved by the Board of Directors of the Company at its meeting held on 25 November 2022 and have been prepared by the Company in accordance with the applicable requirements of:
  - a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time ("ICDR Regulations"); and
  - b. The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").





**BOARD OF DIRECTORS' RESPONSIBILITY FOR THE RESTATED CONSOLIDATED FINANCIAL STATEMENTS**

2. The Company's Board of Directors is responsible for the preparation of the Restated Consolidated Financial Information for the purpose of inclusion in the offer document to be filed with the Securities and Exchange Board of India (SEBI), BSE Limited (BSE), National Stock Exchange of India Limited (NSE) and the Registrar of Companies, in connection with the proposed rights issue. The restated consolidated financial information has been prepared by the management of the Company on the basis of preparation and presentation mentioned in "Significant Accounting Policies" included in the Restated Financial Information. The Board of Directors of the Company is responsible for designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors are also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.

**AUDITORS' RESPONSIBILITY**

3. We have examined such Restated Consolidated Financial Information taking into consideration:
  - a. The terms of reference and terms of our engagement agreed upon with you in connection with the proposed Right Issue of Equity Shares of the Company.
  - b. The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
  - c. Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and
  - d. the applicable requirements of the SEBI ICDR Regulations.

Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the Proposed Right Issue.

4. Restated Consolidated Financial Information have been complied by the management of the company from:
  - a. Audited Consolidated Financial Statements of the company as at and for the year ended on 31 March 2022 approved by the Board of Directors in their meeting held on 26 May 2022.
  - b. Audited Consolidated Financial Statements of the company as at and for the year ended on 31 March 2021 approved by the Board of Directors in their meeting held on 21 May 2021.; and





- c. Audited Consolidated Financial Statements of the company as at and for the year ended on 31 March 2020 approved by the Board of Directors in their meeting held on 4 June 2020.

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

**5. For the purpose of our examination, we have relied on:**

- a. Auditors' Report issued by us dated 26 May 2022 on the consolidated financial statements of the Company as at and for the year ended on 31 March 2022, as referred in paragraph 4 above.
- b. Auditors' Report issued by us dated 21 May 2021 on the consolidated financial statements of the Company as at and for the year ended on 31 March 2021, as referred in paragraph 4 above; and
- c. Auditors' Report issued by us dated 4 June 2020 on the consolidated financial statements of the Company as at and for the year ended on 31 March 2020, as referred in paragraph 4 above.

**6. Based on our examination and according to the information and explanations, we report that:**

- a. Restated Consolidated Financial Information have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended 31 March 2021 and 31 March 2020 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended on 31 March 2022.
- b. There are no qualifications in the auditors' report on the consolidated audited financial statements of the Bank at at and for the years ended on 31 March 2022, 31 March 2021 and 31 March 2020, which require any adjustments to the restated financial information.
- c. Restated Financial Information have been prepared in accordance with the Act, applicable ICDR Regulations and the Guidance Note.

**7. The Restated Financial Information does not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited financial statements mentioned in paragraph 4 above.**

**8. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.**





9. We have no responsibility to update our report for events and circumstances occurring after the date of this report.
10. Our report is intended solely for use of the management for inclusion in the offer document to be filed with the Securities and Exchange Board of India (SEBI), BSE Limited (BSE), National Stock Exchange (NSE) and the Registrar of Companies, in connection with the proposed rights issue of Equity Shares of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hand it may come without our prior consent in writing.

For Gokhale & Sathe  
Chartered Accountants,  
Firm Reg. No.: 103264W



Tejas Parikh  
Partner  
M. No.: 123215  
UDIN: 22123215BFDMBX9341  
Place: Mumbai  
Date : 25 November 2022



**AARTI SURFACTANTS LIMITED**
**Restated Consolidated Statement of Assets and Liabilities as at 31st March, 2022**

Particulars	Note No.	(Rs. in Lakhs)		
		As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
<b>A ASSETS</b>				
<b>1 Non-Current Assets</b>				
(a) Property, Plant and Equipment	1	17,222.30	18,590.40	15,013.97
(b) Capital Work-in-Progress	1	5,205.56	1,974.45	1,395.26
(c) Other Intangible Assets	1	46.71	84.08	121.44
(d) Financial Assets				
(i) Other Investments	2.1	0.03	0.03	0.03
(ii) Other Financial Assets	3	239.96	203.11	166.77
(e) Other Non-Current Assets	4	27.79	261.59	95.62
<b>Total Non-Current Assets</b>		<b>22,742.35</b>	<b>21,113.66</b>	<b>16,793.09</b>
<b>2 Current Assets</b>				
(a) Inventories	5	7,482.44	7,318.98	5,648.84
(b) Financial Assets				
(i) Trade Receivables	6	5,446.70	5,443.20	1,791.99
(ii) Cash and Cash Equivalents	7	142.91	673.24	10.48
(iii) Loans	8	19.59	34.04	36.45
(iv) Other Financial Assets	9	1,474.10	360.89	-
(c) Other Current Assets	10	2,815.84	3,708.41	1,948.12
(d) Current Tax Assets (Net)	11	118.27	-	-
<b>Total Current Assets</b>		<b>17,499.85</b>	<b>17,538.76</b>	<b>9,435.88</b>
<b>TOTAL ASSETS</b>		<b>40,242.20</b>	<b>38,652.42</b>	<b>26,228.97</b>
<b>B EQUITY AND LIABILITIES</b>				
<b>1 EQUITY</b>				
(a) Equity Share Capital	12	758.45	758.45	758.45
(b) Other Equity	13	12,833.32	12,506.57	10,336.51
<b>Total Equity</b>		<b>13,591.77</b>	<b>13,265.02</b>	<b>11,094.96</b>
<b>3 LIABILITIES</b>				
<b>Non-Current Liabilities</b>				
(a) Financial Liabilities				
Borrowings	14	10,537.17	8,049.01	4,577.93
(b) Deferred Tax Liabilities (Net)	15	1,208.25	891.55	762.06
<b>Total Non-Current Liabilities</b>		<b>11,745.42</b>	<b>8,940.56</b>	<b>5,339.99</b>
<b>Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	16	5,614.59	7,144.61	6,342.77
(ii) Trade Payables Due to				
- Micro and Small Enterprises		-	-	-
- Other Than Micro and Small Enterprises	17	7,017.27	7,810.67	1,924.40
(iii) Others	18	825.91	555.36	980.06
(b) Other Current Liabilities	19	553.64	516.84	93.59
(c) Provisions	20	893.60	380.96	402.40
(d) Current Tax Liabilities (Net)	21	-	38.40	50.80
<b>Total Current Liabilities</b>		<b>14,905.01</b>	<b>16,446.84</b>	<b>9,794.02</b>
<b>Total Liabilities</b>		<b>26,650.43</b>	<b>25,387.40</b>	<b>15,134.01</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>40,242.20</b>	<b>38,652.42</b>	<b>26,228.97</b>
<b>Significant Accounting Policies</b>				
<b>Accompanying Notes to the Financial Statements</b>	<b>1-41</b>			

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

Previous year figures have been recasted/restated wherever necessary including those as required in keeping with revised Schedule III amendments.

As per our report of even date

For Gokhale & Sathe

Chartered Accountants

Firm Registration Number: 103264W

Partner

Tejas Parikh

M.No.123215

Place: Mumbai

Date: 25th November, 2022



For and on behalf of the Board

For Aarti Surfactants Limited

Chandrakant Gogri

Director

DIN : 0005048

Nitish Medh

Chief Financial Officer

ICAI M.No : 155868

Nikhil Desai

Managing Director

DIN : 01660649

Priyanka Chaurasia

Company Secretary

ICSI M.No : A44258





AARTI SURFACTANTS LIMITED

Restated Consolidated Statement of Profit and Loss for the Year Ended 31st March, 2022

(Rs. in Lakhs Except EPS)

Particulars		Note No.	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
I	Revenue from Operations	22	57,551.70	46,577.03	32,586.40
II	Other Income	23	29.05	5.90	20.90
III	Total Income (I+II)		57,580.75	46,582.93	32,607.30
IV	EXPENSES				
	(a) Cost of Materials Consumed	24	46,287.46	35,615.36	24,837.93
	(b) Changes in inventories of finished goods, Stock-in-Trade	25	-732.82	-477.20	-107.39
	(c) Employee Benefits Expense	26	1,799.35	1,570.17	1,429.97
	(d) Finance Costs	27	1,066.68	1,012.23	1,027.95
	(e) Depreciation / Amortisation Expenses	1,28	1244.57	1221.07	1057.55
	(f) Other Expenses	29	6,983.62	5,349.90	4,066.78
	Total Expenses (IV)		56,648.86	44,291.53	32,312.78
V	Profit before Tax (III-IV)		931.89	2,291.40	294.52
VI	TAX EXPENSE				
	Current Tax		65.71	50.0	51.54
	MAT Credit Entitlement		-	-	-51.54
	Deferred Tax		316.70	77.95	85.91
	Total Tax Expenses		382.41	127.95	85.91
VII	Profit for the year (V-VI)		549.48	2,163.45	208.61
VIII	OTHER COMPREHENSIVE INCOME				
	Items that will not be reclassified to Statement of Profit and Loss				
	- Fair Value Change of Equity Instruments through Other Comprehensive Income (Net of Tax)		-	-	-895.20
	- Remeasurement of defined employee benefit plans (net of tax)		4.8	6.61	0
	Other Comprehensive Income (Net of Tax)		4.80	6.61	-895.20
IX	TOTAL COMPREHENSIVE INCOME FOR THE YEAR (VII+VIII)		554.28	2,170.06	-686.59
	Profit attributable to:				
	Owners of the Company		549.48	2,163.45	208.61
	Non-Controlling Interest		-	-	-
	Total Comprehensive Income attributable to:				
	Owners of the Company		554.28	2,170.06	-686.59
	Non-Controlling Interest		-	-	-
X	Earnings Per Equity Share of Face Value of Rs 10 Each (EPS) (in Rs.)	30			
	Basic		7.25	28.52	2.75
	Diluted		7.25	28.52	2.75
	Significant Accounting Policies				
	Accompanying Notes to the Financial Statements	1-41			

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

Previous year figures have been recasted/restated wherever necessary including those as required in keeping with revised Schedule III amendments.

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

For and on behalf of the Board  
For Aarti Surfactants Limited

Partner  
Tejas Parikh  
M.No.123215  
Place: Mumbai  
Date: 25th November, 2022



Chandrakant Gogri  
Director  
DIN : 0005048

Nikhil Desai  
Managing Director  
DIN : 01660649

Priyanka Chaurasia  
Company Secretary  
ICSI M.No : A44258

Nitesh Medh  
Chief Financial Officer  
ICAI M.No : 155868





AARTI SURFACTANTS LIMITED

Restated Consolidated Statement of Changes in Equity for the Year Ended 31st March, 2022

A. Equity Share Capital

	(Rs. in Lakhs)
As at 31st March, 2019	5.00
Changes in equity share capital during the year 2019-20	753.45
As at 31st March, 2020	758.45
Changes in equity share capital during the year 2020-21	-
As at 31st March, 2021	758.45
Changes in equity share capital during the year 2021-22	-
As at 31st March, 2022	758.45

B. Other Equity

Particulars	Reserves and Surplus		Other Comprehensive Income	Total Other Equity
	Reserves Pending Allocation on Account of Pending Share Issuance	Retained Earnings	Equity Instruments through Other Comprehensive Income	
As at 1st April, 2019	9,614.03	-	3,110.99	12,725.02
Cancellation of pending initial share capital	-	5.00	-	5.00
Issuance of Redeemable Preference Shares out of opening balance of Unallocated Reserves received on account of Demerger	-1,706.92	-	-	-1,706.92
Balance of Unallocated Reserves transferred to Retained Earnings	-7,907.11	7,907.11	-	-
Gain on Disposal of Investment in Equity Shares through OCI transferred to Retained Earnings	-	2,215.79	-2,215.79	-
Total Comprehensive Income for the year	-	208.61	-895.20	-686.59
As at 1st April, 2020	-	10,336.51	-	10,336.51
Profit for the year	-	2,163.45	-	2,163.45
Remeasurement of defined employee benefit plans (net of tax)	-	6.61	-	6.61
Balance as at 31st Mar, 2021	-	12,506.57	-	12,506.57
Profit for the year	-	549.48	-	549.48
Dividend Paid	-	-227.53	-	-227.53
Remeasurement of defined employee benefit plans (net of tax)	-	4.80	-	4.80
Balance as at 31st Mar, 2022	-	12,833.32	-	12,833.32

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

Previous year figures have been recasted/restated wherever necessary including those as required in keeping with revised Schedule III amendments.

Retained earnings includes Remeasurement Gain (net of tax) on defined benefit plan to the extent of Rs. 11.41 lakhs (March 31, 2021 : Rs. 6.61 Lakhs, March 31, 2020 : NIL).

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

*Tejas Parikh*  
Partner

Tejas Parikh  
M.No.123215  
Place: Mumbai  
Date: 25th November, 2022



For and on behalf of the Board  
For Aarti Surfactants Limited

*C.V. Gogri*  
Chandrakant Gogri  
Director  
DIN : 0005048

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

*Nikhil Desai*  
Nikhil Desai  
Managing Director  
DIN : 01660649

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



ND



AARTI SURFACTANTS LIMITED

Restated Consolidated Cash Flow Statement for the Year Ended 31st March, 2022

Sr. No.	Particulars	(Rs. in Lakhs)		
		For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
	Profit before Tax	931.89	2,291.40	294.52
	<b>Adjusted for:</b>			
	- Finance Costs	1,066.68	1,012.23	1,027.95
	- Depreciation/ Amortisation	1,244.57	1,221.07	1,057.55
	<b>Operating Profit before Working Capital Changes</b>	<b>3,243.14</b>	<b>4,524.70</b>	<b>2,380.02</b>
	<b>Adjusted for:</b>			
	- (Increase)/Decrease Trade and Other Receivables	-246.54	-5,806.32	1,390.05
	- (Increase)/Decrease in Inventories	-163.46	-1,670.14	-378.94
	- (Increase)/Decrease in Trade Payables and Other Current Liabilities	-315.76	6,502.59	-1,583.03
	<b>Cash Generated from Operations</b>	<b>2,517.38</b>	<b>3,550.83</b>	<b>1,808.10</b>
	Taxes Paid (Net)	-185.62	0.00	2.99
	<b>Net Cash Flow from Operating Activities</b>	<b>2,331.76</b>	<b>3,550.83</b>	<b>1,811.09</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
	Acquisition of Property, Plant and Equipment and Capital Work In Progress	-2,254.11	-6,046.90	-2,469.35
	Other Investments	0.00	0.00	-0.03
	Proceeds from Sale of Investments	0.00	0.00	2,254.48
	<b>Net Cash Flow used in Investing Activities</b>	<b>-2,254.11</b>	<b>-6,046.90</b>	<b>-214.92</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
	Proceeds from Borrowings - Non Current	2,411.53	3,718.05	33.54
	Proceeds/(Repayment) from Current Borrowing (Net)	-1,526.00	482.26	-647.40
	Finance Costs	-1,267.62	-1,041.48	-973.84
	Dividends Paid	-225.89	0.00	0.00
	<b>Net Cash Flow from/(used in) Financing Activities</b>	<b>-607.98</b>	<b>3,158.83</b>	<b>-1,587.70</b>
	<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>-530.33</b>	<b>662.76</b>	<b>8.47</b>
	<b>Opening Balance of Cash and Cash Equivalents</b>	<b>673.24</b>	<b>10.48</b>	<b>2.01</b>
	<b>Closing Balance of Cash and Cash Equivalents</b>	<b>142.91</b>	<b>673.24</b>	<b>10.48</b>

Notes:

- The accompanying notes are an integral part of the Ind AS financial statements.
- Previous year figures have been recasted/restated wherever necessary including those as required in keeping with revised Schedule III amendments.
- The above Cash Flow Statement has been prepared under "Indirect Method" set out in Ind AS-7, issued by Institute of Chartered Accountants of India.
- Cash flows from operating activities include Rs. 14.92 lakhs (March 31, 2021: Rs. 19.65, March 31, 2020 : Rs.NIL) being expenses towards Corporate Social Responsibility initiatives.
- Cash and Cash Equivalents include Margin Deposit with Banks Rs. 4.95 Lakhs lakhs (March 31,2021 : Rs. 1.20 Lakhs, March 31, 2020 : Rs.NIL) which are not available for use by the company during the tenure of the credit facilities against which the same was placed.
- Cash and Cash Equivalents comprises of:**

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
a. Cash on Hand	1.46	1.50	1.63
b. Balances with Banks	141.45	671.74	8.85
<b>Total</b>	<b>142.91</b>	<b>673.24</b>	<b>10.48</b>

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

Partner

Tejas Parikh  
M.No.123215  
Place: Mumbai  
Date: 25th November, 2022



For and on behalf of the Board  
For Aarti Surfactants Limited

Chandrakant Gogri, Nikhil Desai, Priyanka Chaurasia  
Director, Managing Director, Company Secretary  
DIN : 0005048, DIN : 01660649, ICSI M.No : A44258

Nitesh Medh  
Chief Financial Officer  
ICAI M.No : 155868





## AARTI SURFACTANTS LIMITED

### Corporate Information and Significant Accounting Policies:

#### A. Corporate Information

Aarti Surfactants Limited ("The Holding Company") is a Public Limited Company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The same had been formed as a result of Demerger of Home and Personal Care Division of Aarti Industries Limited. The registered office of The Holding Company is located at Plot Nos. 801, 801/23, GIDC Estate, Phase - III, Vapi, Dist. Valsad, Gujarat - 396 195, India.

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

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

#### B. Significant Accounting Policies

##### B.1 Basis of Preparation and Presentation

The Restated Statement of Assets and Liabilities of the Group as at 31st March 2022, 31st March 2021 and 31st March 2020, the Restated Statement of Profit and Loss, Restated Statement of Changes in Equity and the Restated Statement of Cash Flows for the years ended on 31st March 2022, 31st March 2021 and 31st March 2020 (together referred as 'Restated Financial Statements') have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with of the Companies (Indian Accounting Standards) (Amendment) Rules, 2015 amended from time to time and other relevant provisions of the Act.

**The Restated Financial Statements have been compiled by the Group from -**

- a. the Consolidated Audited Financial Statements of the Company as at and for the financial year ended on 31st March, 2022.
- b. the Consolidated Audited Financial Statements of the Company as at and for the financial year ended on 31st March, 2021.
- c. the Consolidated Audited Financial Statements of the Company as at and for the financial year ended on 31st March, 2020.

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

The Restated Financial Statements have been prepared by the management for the purpose of inclusion in the offer document prepared by the Company in connection with its proposed Rights Issue of Equity Shares, to be filed by the Company with the Securities and Exchange Board of India and Registrar of Companies, as applicable and the concerned stock exchanges.

- (i) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time ("ICDR Regulations"); and
- (ii) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

**These Restated Financial Statements have been compiled after considering the following -**

- (i) adjustments for the changes in accounting policies, if any, retrospectively in respective financial years, to reflect the same accounting treatment as per changed accounting policies for all the reporting periods;
- (ii) adjustments for the material amounts in the financial years to which they relate;





- (ii) adjustments for the material amounts in the financial years to which they relate;
- (iii) adjustments for the qualifications, if any, in the auditors' reports for the respective financial years to which they relate;
- (iv) adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited financial statements of the Company as at and for the year ended on 31st March 2022 and other reclassifications as considered appropriate.
- (v) adjustment of resultant tax impact of above adjustments in deferred taxes in the respective periods to which they relate.

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

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

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

These Consolidated Financial Statements for the year ended 31.3.2022, year ended 31.03.2021 & year ended 31.03.2020 were approved for issue in accordance with a resolution of the Board of Directors of the Holding Company in its meeting held on 26th May, 2022, on 21st May, 2021 & 4th June, 2020 respectively

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

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

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

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

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

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

### (c) Provisions and Contingent Liabilities

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

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



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





### B.3 Summary of Significant Accounting Policies

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

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

An asset is treated as Current when it is -

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

All other assets are classified as non-current.

A liability is considered as Current, when -

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

All other liabilities are classified as non-current.

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

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

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

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

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



**(c) Intangible Assets**

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

**(d) Valuation of Inventories**

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

Inventories have been valued on the following basis:

a. Raw Materials, Packing Material, Stores and Spares Weighted Average cost or net realisable value, whichever is lower

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

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

**(e) Cash and Cash Equivalents**

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

**(f) Revenue Recognition**

(i) Revenue from Sale of Goods to customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services. Generally, control is transferred upon shipment of goods to the customer or when the goods are made available to the customer, provided transfer of title to the customer occurs and any significant risks of ownership or future obligations with respect to the goods shipped are not retained. Sale of goods is recognized on dispatch of goods to customers and is recorded net of claims, etc., as considered appropriate. Revenue from Sale of Scrap and obsolete stores is accounted for at the time of disposal.

(ii) Export entitlements are recognized on realization.

(iii) Revenue in respect of Interest is recognized on the time proportion method.

(iv) Industrial Promotion Incentive granted by State Government is recognised when claim in respect of Entitlement is made & admitted after close of yearly Sales Tax Assessment.

(v) Dividend Income is recognised when the right to receive the amount has been established.

**(g) Government Grants**

(i) Government grants are not recognised until there is reasonable assurance that the conditions attached to them will be complied and that the grants will be received.

(ii) Government grants are recognised in Profit and Loss on a systematic basis over the periods in which expenses and related costs for which the grants are intended to compensate are recognised. Specifically, government grants whose primary condition is that to purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to Profit and Loss on a systematic and rational basis over the useful lives of the related assets.

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





(h) **Depreciation/Amortization**

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

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

(i) **Impairment of Assets**

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

(j) **Foreign Currency Transactions**

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

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

(k) **Operating Leases**

As a lessee:

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

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

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

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





**As a lessor:**

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

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

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

**(l) Finance Costs**

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

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

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

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

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

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

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

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

**(n) Employee Benefits**

***Short-term Benefits***

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

***Post-retirement Benefits***

***Defined Contribution Plans***

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

***Defined Benefit Plans***

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





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

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

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



(o) **Taxes on Income**

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

**Current Tax**

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

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

**Deferred Tax**

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

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

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

**Minimum Alternate Tax (MAT)**

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

p. **Financial Instruments**

➤➔ **Financial Assets**

**I Initial recognition and measurement**

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

**II Subsequent Measurement**

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

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

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

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

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

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





### III *Equity Investments*

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

### IV *Impairment of Financial Assets*

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

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

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

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

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

### ➤➤ **Financial Liabilities**

#### I *Initial Recognition and Measurement*

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

#### II *Subsequent Measurement*

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

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

### ➤➤ **Derecognition of Financial Instruments**

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

### ➤➤ **Offsetting**

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

### q. **Earnings Per Shares**

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

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



### C. Recent Accounting Pronouncements

#### **Amendment to Ind AS 109 “Financial Instruments” and Ind AS 107 “Financial Instruments: Disclosures” - Interest rate Benchmark Reform Phase 2**

The amendment focuses on the potential financial reporting issues that may arise when interest rate benchmarking reforms are either reformed or replaced. The key reliefs provided by the Phase 2 amendments are:

- Changes to contractual cash flows - When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes that are required by an interest rate benchmark reform will not result in an immediate gain or loss in the profit and loss statement.

- Hedge accounting - The hedge accounting reliefs will allow most Ind AS 39 or Ind AS 109 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded. The amendments do not have any impact on the financial statements.

#### **Amendment to Ind AS 103 “Business Combination” - Reference to Conceptual Framework**

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103 - Business Combinations. The Group does not expect the amendment to have any impact in its financial statements.

#### **Amendment to Ind AS 16 “Property, Plant and Equipment” - Proceeds before intended use**

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognized in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The Group does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.





AARTI SURFACTANTS LIMITED  
NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FY 2021-22

Particulars		GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Balance as at 1st April, 2021	Additions	Deletion	Balance as at 31st Mar, 2022	Balance as at 1st April, 2021	Depreciation charge for the Period	Deletion	Balance as at 31st Mar, 2022	Balance as at 31st Mar, 2022	Balance as at 31st March, 2021
		(Rs. in Lakhs)									
<b>1</b>	<b>Property, Plant and Equipment</b>										
<b>I</b>	<b>Tangible Assets</b>										
	Freehold Land	47.62	-	-	47.62	-	-	-	-	47.62	47.62
	Leasehold Land	326.22	147.81	-	474.03	60.09	15.65	-	75.74	398.29	266.12
	Buildings	2,624.26	151.73	501.91	2,274.08	727.28	113.06	460.71	379.63	1,894.45	1,896.98
	Plant and Machinery	23,229.24	332.65	2,215.85	21,346.04	6,982.43	1,021.03	1,352.78	6,650.69	14,695.35	16,246.80
	Furniture and Fixtures	206.75	74.22	14.13	266.84	114.74	37.94	10.83	141.86	124.98	92.01
	Vehicles	134.51	40.26	-	174.77	93.64	19.52	-	113.16	61.61	40.87
	<b>Total</b>	<b>26,568.60</b>	<b>746.68</b>	<b>2,731.89</b>	<b>24,583.38</b>	<b>7,978.20</b>	<b>1,207.20</b>	<b>1,824.31</b>	<b>7,361.09</b>	<b>17,222.30</b>	<b>18,590.40</b>
<b>II</b>	<b>In Tangible Assets</b>										
	Product Registration Rights	186.84	-	-	186.84	102.76	37.37	-	140.13	46.71	84.08
	<b>Total</b>	<b>186.84</b>	<b>-</b>	<b>-</b>	<b>186.84</b>	<b>102.76</b>	<b>37.37</b>	<b>-</b>	<b>140.13</b>	<b>46.71</b>	<b>84.08</b>
<b>III</b>	<b>Gross Total</b>	<b>26,755.43</b>	<b>746.68</b>	<b>2,731.89</b>	<b>24,770.22</b>	<b>8,080.96</b>	<b>1,244.57</b>	<b>1,824.31</b>	<b>7,501.21</b>	<b>17,269.00</b>	<b>18,674.48</b>
<b>III</b>	<b>Capital Work-in-Progress</b>	<b>1,974.45</b>	<b>3,977.79</b>	<b>746.68</b>	<b>5,205.56</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,205.56</b>	<b>1,974.45</b>

NOTES -

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



FY 2020-21

		GROSS BLOCK				DEPRECIATION				(Rs. in Lakhs)	
Particulars		Balance as at 1st April, 2020	Additions	Deletion	Balance as at 31st Mar, 2021	Balance as at 1st April, 2020	Depreciation charge for the Period	Deletion	Balance as at 31st Mar, 2021	Balance as at 31st Mar, 2021	Balance as at 31st March, 2020
<b>I</b>	<b>Property, Plant and Equipment</b>										
<b>I</b>	<b>Tangible Assets</b>										
	Freehold Land	47.62	-	-	47.62	-	-	-	-	47.62	47.62
	Leasehold Land	177.83	148.38	-	326.22	48.61	11.48	-	60.09	266.12	129.22
	Buildings	2,027.54	596.72	-	2,624.26	604.80	122.48	-	727.28	1,896.98	1,422.74
	Plant and Machinery	19,382.96	4,006.46	160.18	23,229.24	6,045.51	1,017.09	80.17	6,982.43	16,246.80	13,337.45
	Furniture and Fixtures	118.70	88.06	-	206.75	97.56	17.18	-	114.74	92.01	21.13
	Vehicles	133.97	0.54	-	134.51	78.16	15.48	-	93.64	40.87	55.81
	<b>Total</b>	<b>21,888.63</b>	<b>4,840.15</b>	<b>160.18</b>	<b>26,568.60</b>	<b>6,874.66</b>	<b>1,183.71</b>	<b>80.17</b>	<b>7,978.20</b>	<b>18,590.40</b>	<b>15,013.97</b>
<b>II</b>	<b>InTangible Assets</b>										
	Product Registration Rights	186.84	-	-	186.84	65.39	37.37	-	102.76	84.08	121.44
	<b>Total</b>	<b>186.84</b>	<b>-</b>	<b>-</b>	<b>186.84</b>	<b>65.39</b>	<b>37.37</b>	<b>-</b>	<b>102.76</b>	<b>84.08</b>	<b>121.44</b>
<b>III</b>	<b>Gross Total</b>	<b>22,075.46</b>	<b>4,840.15</b>	<b>160.18</b>	<b>26,755.43</b>	<b>6,940.05</b>	<b>1,221.07</b>	<b>80.17</b>	<b>8,080.96</b>	<b>18,674.48</b>	<b>15,135.41</b>
<b>III</b>	<b>Capital Work-in-Progress</b>	<b>1,395.26</b>	<b>5,419.34</b>	<b>4,840.15</b>	<b>1,974.45</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,974.45</b>	<b>1,395.26</b>

## NOTES -

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





FY 2019-20

Particulars	GROSS BLOCK				DEPRECIATION				(Rs. in Lakhs)	
	Balance as at 1st April, 2019	Additions	Deletion	Balance as at 31st Mar, 2020	Balance as at 1st April, 2019	Depreciation charge for the Period	Deletion	Balance as at 31st Mar, 2020	NET BLOCK	
									Balance as at 31st Mar, 2020	Balance as at 31st March, 2019
<b>1 Property, Plant and Equipment</b>										
<b>I Tangible Assets</b>										
Freehold Land	47.62	-	-	47.62	-	-	-	-	47.62	47.62
Leasehold Land	177.83	-	-	177.83	41.90	6.72	-	-	129.22	135.94
Buildings	2,027.54	-	-	2,027.54	497.75	107.05	-	48.61	1,422.74	1,529.79
Plant and Machinery	17,175.33	2,207.63	-	19,382.96	5,187.97	857.54	-	604.80	13,337.45	11,987.36
Furniture and Fixtures	116.03	2.66	-	118.70	90.62	6.95	-	97.56	21.13	25.41
Vehicles	125.56	8.42	-	133.97	64.27	13.90	-	78.16	55.81	61.29
<b>Total</b>	<b>19,669.91</b>	<b>2,218.71</b>	<b>-</b>	<b>21,888.63</b>	<b>5,882.50</b>	<b>992.16</b>	<b>-</b>	<b>6,874.66</b>	<b>15,013.97</b>	<b>13,787.41</b>
<b>II Intangible Assets</b>										
Product Registration Rights	-	186.84	-	186.84	-	65.39	-	65.39	121.44	-
<b>Total</b>	<b>-</b>	<b>186.84</b>	<b>-</b>	<b>186.84</b>	<b>-</b>	<b>65.39</b>	<b>-</b>	<b>65.39</b>	<b>121.44</b>	<b>-</b>
<b>III Gross Total</b>	<b>19,669.91</b>	<b>2,405.55</b>	<b>-</b>	<b>22,075.46</b>	<b>5,882.50</b>	<b>1,057.55</b>	<b>-</b>	<b>6,940.05</b>	<b>15,135.41</b>	<b>13,787.41</b>
<b>III Capital Work-in-Progress</b>	<b>447.01</b>	<b>3,166.96</b>	<b>2,218.71</b>	<b>1,395.26</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,395.26</b>	<b>447.01</b>

NOTES -

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

**Capital Work-in-Progress Ageing**

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

Capital Work-in-Progress	Amount in capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	2,908.50	2,297.06	-	-	5205.56
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>2908.5</b>	<b>2297.06</b>	<b>-</b>	<b>-</b>	<b>5205.56</b>

Ageing for Capital Work-in-Progress as at 31st March, 2021 is as follows:

Capital Work-in-Progress	Amount in capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	1,828.46	90.59	55.40	-	1974.45
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>1828.46</b>	<b>90.59</b>	<b>55.40</b>	<b>-</b>	<b>1974.45</b>

Ageing for Capital Work-in-Progress as at 31st March, 2020 is as follows:

Capital Work-in-Progress	Amount in capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	1,339.86	55.40	-	-	1395.26
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>1339.86</b>	<b>55.4</b>	<b>-</b>	<b>-</b>	<b>1395.26</b>



Particulars	Number of Units/Shares (all fully paid up)				(Rs. in Lakhs)		
	Opening Balance	Acquisition	Disposal	Closing Balance	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
2 Non Current Financial Assets - Investments							
2.1 In UnQuoted Equity Shares (Other Investments)							
SVC Co Operative Bank Limited	25	-	-	25	0.03	0.03	0.03
Total	5,025	-	-	5,025	0.03	0.03	0.03





Particulars		(Rs. in Lakhs)		
		As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
3	<b>Other Financial Assets</b>			
	Deposits			
	<b>Total</b>	239.96	203.11	166.77
		<b>239.96</b>	<b>203.11</b>	<b>166.77</b>
4	<b>Other Non-Current Assets</b>			
	Capital Advance			
	<b>Total</b>	27.79	261.59	95.62
		<b>27.79</b>	<b>261.59</b>	<b>95.62</b>
5	<b>Current Assets - Inventories</b>			
	Raw Materials and Components (incl of In-transit stock)	2781.67	3382.95	2330.90
	Work-in-progress	131.11	195.99	103.17
	Finished Goods (incl of In-transit stock)	4265.37	3467.67	3083.29
	Stores and spares	171.96	174.47	80.14
	Fuel	82.83	43.25	17.31
	Packing Materials	49.50	54.65	34.03
	<b>Total</b>	<b>7,482.44</b>	<b>7,318.98</b>	<b>5,648.84</b>
5.1	<b>Goods in Transit</b>			
	Raw Materials and Components	571.67	410.38	121.53
	Finished Goods	697.68	233.45	-
	<b>Total</b>	<b>1,269.36</b>	<b>643.83</b>	<b>121.53</b>
*Mode of Valuation is stated in note : (d) Valuation of Inventories in Significant Accounting Policies.				
*The Holding Company have availed credit facilities from banks which are secured interalia by hypothecation of inventories.				
6	<b>Current Financial Assets - Trade Receivables</b>			
	Unsecured and considered good	5446.7	5443.2	1791.99
	-Unsecured Doubtful Debts	69.97	69.97	69.97
	-Provision for Doubtful Debts	-69.97	-69.97	-69.97
	<b>Total</b>	<b>5446.70</b>	<b>5443.20</b>	<b>1791.99</b>

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

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





Ageing for Trade Receivables - Current Outstanding as on 31st March 2021 is as follows:

(Rs. In Lakhs)

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	2,072.11	3,245.11	68.09	29.10	-	28.80	5,443.20
(ii) Undisputed Trade Receivables - which have significant increase in credit risk							-
(iii) Undisputed Trade Receivables - credit impaired							-
(iv) Disputed Trade Receivables-considered good							-
(v) Disputed Trade Receivables - which have significant increase in credit risk							-
(vi) Disputed Trade Receivables - credit impaired						69.97	69.97
	2,072.11	3,245.11	68.09	29.10	-	98.77	5,513.17
Less: Allowance for Doubtful Trade Receivable							-69.97
<b>Total</b>							<b>5,443.20</b>

Ageing for Trade Receivables - Current Outstanding as on 31st March 2020 is as follows:

(Rs. 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	567.50	1,166.58	29.10	-	28.80	-	1,791.99
(ii) Undisputed Trade Receivables - which have significant increase in credit risk							-
(iii) Undisputed Trade Receivables - credit impaired							-
(iv) Disputed Trade Receivables-considered good							-
(v) Disputed Trade Receivables - which have significant increase in credit risk							-
(vi) Disputed Trade Receivables - credit impaired						69.97	69.97
	567.50	1,166.58	29.10	-	28.80	69.97	1,861.96
Less: Allowance for Doubtful Trade Receivable							-69.97
<b>Total</b>							<b>1,791.99</b>

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

7	<b>Current Financial Assets - Cash and Cash Equivalents</b>						
	Cash on Hand						
	Balances with Banks			1.46		1.50	1.63
	<b>Total</b>			141.45		671.74	8.85
				142.91		673.24	10.48
	Balances with Banks include Margin Deposit of Rs. 4.95 Lakhs (March 31, 2021 : Rs.1.20 Lakhs, March 31, 2020 : Rs.NIL) placed as a security against Bank Guarantee availed from Bank.						
8	<b>Loans</b>						
	Loan to Employees						
	<b>Total</b>			19.59		34.04	36.45
				19.59		34.04	36.45
9	<b>Current Other Financial Assets</b>						
	Insurance Claim Receivable						
	<b>Total</b>			1474.1		360.89	-
				1,474.10		360.89	-
10	<b>Other Current Assets</b>						
	Balance with Customs, Central Excise, GST and State Authorities			2616.85		3114.81	1191.58
	Subsidy Receivable (Industry Promotion Incentive)			-		24.82	507.15
	Others Receivable			57.89		263.95	0.28
	Prepaid Expenses			108.95		66.80	37.06
	Advance to Suppliers			32.15		238.03	212.05
	<b>Total</b>			2,815.84		3,708.41	1,948.12
11	<b>Current Tax Assets (Net)</b>						
	Current Tax Assets (Net)			118.27		-	-
	<b>Total</b>			118.27		0.00	0.00





12 SHARE CAPITAL:

Particulars	No. of Shares	As at 31st March, 2022	No. of Shares	As at 31st March, 2021	No. of Shares	As at 31st March, 2020
<b>Authorised Share Capital</b>						
Equity Shares of Rs 10/- each	3,18,70,000	3,187	3,18,70,000	3,187	3,18,70,000	3,187
Redeemable Preference Shares of Rs 10/- each	81,30,000	813	81,30,000	813	81,30,000	813
	<b>4,00,00,000</b>	<b>4,000</b>	<b>4,00,00,000</b>	<b>4,000</b>	<b>4,00,00,000</b>	<b>4,000</b>
<b>Issued, Subscribed &amp; Paid up</b>						
Equity Shares of ` 10/- each	75,84,477	758.45	75,84,477	758.45	75,84,477	758.45
<b>TOTAL</b>	<b>75,84,477</b>	<b>758.45</b>	<b>75,84,477</b>	<b>758.45</b>	<b>75,84,477</b>	<b>758.45</b>

12.1 Reconciliation of number of Equity Shares outstanding:

Particulars	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
	No' Of Shares	No' Of Shares	No' Of Shares
Equity Shares at the beginning of the year	75,84,477	75,84,477	75,84,477
Add: Shares issued during the year Pursuant to the Scheme of Arrangement	-	-	-
Less: Shares Cancelled Pursuant to the Scheme of Arrangement	-	-	-
<b>Equity Shares at the end of the year</b>	<b>75,84,477</b>	<b>75,84,477</b>	<b>75,84,477</b>

12.2 Rights, preferences and restrictions attached to equity shares :

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

12.3 Dividend

The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended March 31, 2022, the company is proposing Nil dividend (March 31, 2021 : Rs.3, March 31, 2020 : Rs.NIL) to the equity shareholders of the company.

12.4 Details of shareholders holding more than 5% shares:

Name of the Shareholders	As at 31st March, 2022		As at 31st March, 2021		As at 31st March, 2020	
	No. of Shares	% held	No. of Shares	% held	No. of Shares	% held
Jaya Chandrakant Gogri	11,36,216	14.98	16,05,708	21.17	3,99,449	5.27
Nikhil Holdings Private Limited	5,53,874	7.30	4,26,374	5.62	-	-
Rashesh Chandrakant Gogri	3,83,438	5.06	3,83,438	5.06	3,83,438	5.06

12.5 Details of shares held by promoter/promoter group

Name of the Shareholders	As at March 31, 2022		As at March 31, 2021		% change FY 22 vs FY 21	As at March 31, 2020		% change FY 21 vs FY 20
	No. of Shares	% held	No. of Shares	% held		No. of Shares	% held	
Jaya Chandrakant Gogri	11,36,216	14.98	16,05,708	21.17	-6.19	3,99,449	5.27	15.90
Nikhil Holdings Private Limited	5,53,874	7.30	4,26,374	5.62	1.68	-	-	5.62
Rashesh Chandrakant Gogri	3,83,438	5.06	3,83,438	5.06	-	-	-	-
Mirik Rajendra Gogri	-	-	-	-	-	3,83,438	5.06	-
Renil Rajendra Gogri	-	-	-	-	-	3,50,182	4.62	-4.62
Hetal Gogri Gala	-	-	-	-	-	3,42,973	4.52	-4.52
Labhdi Business Trust	2,61,553	3.45	2,61,553	3.45	-	2,61,553	3.45	-
2,50,000	3.30	2,50,000	3.30	-	-	2,50,000	3.30	-
Anushakti Enterprise Pvt Ltd	2,49,250	3.29	2,49,250	3.29	-	2,49,250	3.29	-
Rajendra Vallabhaji Gogri	-	-	-	-	-	-	-	-
Tulip Family Trust	-	-	-	-	-	1,55,489	2.05	-2.05
Orchid Family Trust	-	-	-	-	-	1,59,000	2.10	-2.10
Safechem Enterprises Private Limited	-	-	-	-	-	1,52,000	2.00	-2.00
Parimal Hashmukhtal Desai	1,06,646	1.41	-	-	-	1,46,300	1.93	-1.93
Tarla Parimal Desai	1,00,000	1.32	-	-	1.41	-	-	-
Nikhil Parimal Desai	80,333	1.06	40,333	0.53	1.32	-	-	-
Alchemie Financial Services Ltd	67,300	0.89	67,300	0.89	0.53	-	-	0.53
Manisha Rashesh Gogri	55,000	0.73	55,000	0.73	-	67,300	0.89	-
Aarnav Rashesh Gogri	54,999	0.73	54,999	0.73	-	55,000	0.73	-
Aashay Rashesh Gogri	54,999	0.73	54,999	0.73	-	54,999	0.73	-
Arti Rajendra Gogri	-	-	-	-	-	54,999	0.73	-
Rajendra Vallabhaji Gogri (HUF)	-	-	-	-	-	53,425	0.70	-0.70
Gogri Finserv Pvt Ltd	26,410	0.35	26,410	0.35	-	30,827	0.41	-0.41
Alchemie Finserv Pvt Ltd	-	-	-	-	-	26,410	0.35	-
Indira Madan Dethia	21,872	0.29	17,380	0.23	0.06	26,410	0.35	-0.35
Late Dhanvanti Vallabhaji Gogri	-	-	-	-	-	17,380	0.23	-
Bhanu Pradip Savla	13,072	0.17	13,072	0.17	-	8,984	0.12	-0.12
Dilesh Roadlines Pvt Ltd	831	0.01	831	0.01	-	13,072	0.17	-
Chandrakant Vallabhaji Gogri	302	0.00	1,85,302	2.44	-2.44	831	0.01	-
Pooja Renil Gogri	38	0.00	38	0.00	-	85,302	1.12	1.32
<b>Total</b>	<b>34,16,133</b>	<b>45.05</b>	<b>36,91,987</b>	<b>48.68</b>		<b>33,44,611</b>	<b>44.10</b>	

12.6 within last five years

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



Particulars		(Rs. in Lakhs)		
		As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
13	Other Equity			
a.	<b>Reserves Pending Allocation</b>			
	As per last Balance Sheet			
	Issuance of Redeemable Preference Shares out of opening balance of Unallocated Reserves received on account of Demerger	-	-	9,614.03
	Balance of Unallocated Reserves transferred to Retained Earnings	-	-	-1,706.92
	<b>Closing Balance</b>	-	-	-7,907.11
		-	-	-
	<b>Retained Earnings</b>			
	As per last Balance Sheet			
	Profit for the year	12,506.57	10,336.51	-
	Dividend Paid	549.48	2,163.45	208.61
	Remeasurement of defined employee benefit plans (net of tax)	-227.53	-	-
	<b>Closing Balance</b>	4.80	6.61	-
		<b>12,833.32</b>	<b>12,506.57</b>	<b>10,336.51</b>
c.	<b>Equity Instruments through Other Comprehensive Income</b>			
	As per last Balance Sheet			
	Add: Balance transferred on account of scheme of arrangement	-	-	3,110.99
	Fair Value Gain/(Loss) on Investment in Equity Shares through OCI	-	-	-895.20
	Gain on Disposal of Investment in Equity Shares through Other Comprehensive Income transferred to Retained Earnings	-	-	-2,215.79
	<b>Closing Balance</b>	-	-	-
		-	-	-
	<b>Total</b>	<b>12,833.32</b>	<b>12,506.57</b>	<b>10,336.51</b>





Particulars	(Rs. in Lakhs)		(Rs. in Lakhs)
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
<b>14 Non Current Financial Liabilities - Borrowings</b>			
Secured - At Amortised Cost			
Term loans from Banks (Refer note 14.1.a)			
Less: Current Maturity of Term Loan	9,114.69	6,719.58	3,024.88
Vehicle Loan from Bank (Refer note 14.1.a)	-615.56	-619.58	-324.88
0% Non Convertible Redeemable Preference Shares of ` 10/- each (Refer note 14.1.b)	23.56	7.13	8.66
<b>Total</b>	<b>10,537.17</b>	<b>8,049.01</b>	<b>4,577.93</b>

14.1 a). Rupee term loan from Bank aggregating to Rs. 9114.69 lakhs is secured by first charge on all movable and immovable assets of the Holding Company, including current assets, ranking pari passu inter-se and Vehicle loan from banks aggregating to Rs.23.56 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 Loan Amounting Rs.2114.69 Lakhs (March 31, 2021: Rs.2719.58 Lakhs, March 31, 2020 : Rs.3244.88 Lakhs) is repayable in 14 quarterly instalments, the next instalment is due on 30th June, 2022.
- (ii) Rupee Loan Amounting Rs.4,000.00 Lakhs (March 31, 2021: Rs.4,000.00 Lakhs, March 31, 2020 : Rs.NIL) is repayable in 42 quarterly instalments, the next instalment is due on 14th October, 2022.
- (iii) Rupee Loan Amounting Rs.3,000.00 Lakhs (March 31, 2021: Rs.NIL, March 31, 2020 : Rs.NIL) is repayable in 42 quarterly instalments, the next instalment is due on 16th April, 2023.
- (iv) Rupee Vehicle Loan Amounting Rs.23.56 Lakhs (March 31, 2021: Rs.7.13 Lakhs, March 31, 2020 : Rs.8.66 Lakhs) is repayable in monthly instalments, the next instalment is due on 30 April, 2022.
- (v) Term loan from banks carry an average interest rate of 7.30% to 8.00% (March 31, 2021: 7.30% to 9.05%, March 31,2020: 9.00% to 10.05%) and Vehicle loan from bank carry an average interest rate of 7.25% to 8.25% (March 31, 2021 : 9.00%, March 31,2020 : 9.5%)

The Holding Company and its Subsidiary do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

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

b). (ii) Terms of preference shares:

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

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

14.2 Repayment Terms (Term Loan)				
Repayment Tenor		Amount	Amount	Amount
1-2 Years				
2-3 Years		2,614.69	1,476.72	600.00
3-4 Years		2,600.00	1,742.86	600.00
Beyond 4 Years		2,600.00	1,742.86	600.00
		1,300.00	1,757.14	1,200.00
14.3 Repayment Terms (Vehicle Loan)				
Repayment Tenor		Amount	Amount	Amount
1-2 Years				
2-3 Years		14.20	4.48	4.48
3-4 Years		5.98	2.24	2.24
		3.38	0.41	1.93





15	Deferred Tax Liability (Net)				
	At the start of the year				
	Charge/(credit) to the Statement of Profit and Loss		891.55	813.60	727.69
	MAT Credit Entitlement		316.70	77.95	85.91
	At the end of the year		-	-	-51.54
			1,208.25	891.55	762.06
15.1	Major components of deferred tax liabilities/(assets) arising on account of tin				
	As at 31st March, 2022				
		As on April 01, 2021	Charge / (Credit) to Statement of Profit and Loss	Charge / (Credit) to Other Comprehensive Income	As on March 31, 2022
	(a) Deferred tax liabilities, on account of:				
	Difference between WDV of depreciable fixed assets as	1,260.88	-27.07	-	1,233.81
	(b) Deferred tax assets, on account of:				
	Carried Forward Tax Losses	-369.33	369.33	-	-
	Provision for expense allowed for tax purpose on	-	-25.56	-	-25.56
	Deferred tax expense/(benefit) for the year	-	316.70	-	-
	(c) Net Deferred tax liabilities	891.55			1,208.25
	As at 31st March, 2021				
		As on April 01, 2020	Charge / (Credit) to Statement of Profit and Loss	Charge / (Credit) to Other Comprehensive Income	As on March 31, 2021
	(a) Deferred tax liabilities, on account of:				
	Difference between WDV of depreciable fixed assets as	1,265.17	-4.29	-	1,260.88
	(b) Deferred tax assets, on account of:				
	Carried Forward Tax Losses	-451.57	82.24	-	-369.33
	Deferred tax expense/(benefit) for the year	-	77.95	-	-
	(c) Mat Credit Entitlement	-51.54	51.54	-	-
	(d) Net Deferred tax liabilities	813.60			891.55
	As at 31st March, 2020				
		As on April 01, 2019	Charge / (Credit) to Statement of Profit and Loss	Charge / (Credit) to Other Comprehensive Income	As on March 31, 2020
	(a) Deferred tax liabilities, on account of:				
	Difference between WDV of depreciable fixed assets as	999.52	265.65	-	1,265.17
	(b) Deferred tax assets, on account of:				
	Carried Forward Tax Losses	-271.83	-179.74	-	-451.57
	Provision for expense allowed for tax purpose on	-	-	-	-
	Deferred tax expense/(benefit) for the year	-	85.91	-	-
	(c) Mat Credit Entitlement	-	-51.54	-	-51.54
	(d) Net Deferred tax liabilities	727.69			813.60
15.2	The major components of Income Tax Expense for the year:				
		As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020	
	(i) Income tax recognised in the Statement of Profit and Loss				
	Current tax:				
	For current year	65.71	50.00	51.54	
	MAT Credit Entitlement	-	-	-51.54	
	Deferred tax:				
	For current year	316.70	77.95	85.91	
	Income tax expense recognised in the Statement of Profit and Loss	382.41	127.95	85.91	
	(ii) Income tax expense recognised in Other Comprehensive Income				
	Deferred tax:				
	Income tax (expense) /benefit on remeasurement of defined benefit plans	-	-	-	
	Income tax benefit / (expense) recognised in OCI	-	-	-	
15.3	Reconciliation of tax expense and accounting profit for the year:				
		As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2021	
	Profit before tax	931.89	2,291.40	294.52	
	Income tax expense calculated at 25.168% (20-21: 25.168%)	234.54	576.70	74.12	
	Effect of adjustments to reconcile the expected tax expense to reported income tax				
	Tax effect on non-deductible expenses	362.22	366.37	266.16	
	Effect of concessions (depreciation and other allowances under income tax act)	-530.98	-528.47	-427.07	
	Other Adjustments/Effect of Brought Forward Losses	-0.07	-364.60	86.79	
	Tax expense as per Statement of Profit and Loss	65.71	50.00	0.00	
	Footnote: The tax rate used for reconciliation above is the corporate tax rate of 25.168% payable by corporate entities in India on taxable profits under Indian tax law. This rate is applicable subject to certain conditions, including that the total income should be computed without claiming specific deduction or exemptions.				





16	Current Financial Liabilities - Borrowings			
	At Amortised Cost			
	Secured - Working capital Loan From Banks			
	Current Maturity of Long Term Debt	4,999.03	5,705.03	6,017.89
	Inter Corporate Deposit	615.56	619.58	324.88
	Total	-	820.00	-
		5,614.59	7,144.61	6,342.77

16.1 Working capital Loan from banks as at March 31, 2022 amounting to Rs.4,999.03 were secured by first charge on all movable and immovable assets of the Holding Company, including current assets. These credit facilities carry average interest rates in the range of 7.35% to 8.25% (March 31, 2021: 8.25% to 9.10%, March 31, 2020 : 9.50% to 10.10%)

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

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

17	Current Liabilities - Trade Payables			
	Due to			
	- Micro and Small Enterprises			
	- Other Than Micro and Small Enterprises			
	Total	7,017.27	7,810.67	1,924.40
		7,017.27	7,810.67	1,924.40

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

(Rs. 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*	-	-	-	-	-	-
(ii) Others	3,849.50	3,162.44	2.32	0.62	2.39	7,017.27
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
Total	3,849.50	3,162.44	2.32	0.62	2.39	7,017.27

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

Ageing for Trade Payables Outstanding as on 31st March 2021 is as follows:

(Rs. 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*	-	-	-	-	-	-
(ii) Others	3,082.36	4,651.00	26.72	30.57	20.03	7,810.67
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
Total	3,082.36	4,651.00	26.72	30.57	20.03	7,810.67

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

Ageing for Trade Payables Outstanding as on 31st March 2020 is as follows:

(Rs. 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*	-	-	-	-	-	-
(ii) Others	864.62	1,009.18	30.57	20.03	-	1,924.40
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
Total	864.62	1,009.18	30.57	20.03	-	1,924.40

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

18	Other Current Financial Liabilities			
	At Amortised Cost			
	Creditors for Capital Goods			
	Unclaimed Dividends		645.29	336.62
	Outstanding Expenses		1.64	-
	Total		178.98	218.74
			825.91	555.36
				980.06

19	Other Current Liabilities			
	Other Payables (Statutory Dues)			
	Revenue Received in Advance		55.65	49.20
	Subsidy Received in Advance		259.86	467.64
	Total		238.13	-
			553.64	516.84
				93.59
20	Current Provisions			
	Provision for Employee Benefits			
	Other Provisions		143.00	129.75
	Total		750.60	251.21
			893.60	380.96
				158.14
				244.26
				402.40
21	Current Tax Liabilities (Net)			
	Current Tax Liabilities (Net)			
	Total		-	38.40
			0.00	38.40
				50.80





Particulars	(Rs. in Lakhs)		(Rs. in Lakhs)
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
<b>22 Revenue from Operations</b>			
Local Sales			
Export Sales	39,704.80	33,217.63	26,698.14
Deemed Export Sales	15,888.27	8,711.00	3,765.58
<b>Sales of Products (Net of GST)</b>	<b>1,444.22</b>	<b>4,398.66</b>	<b>1,578.48</b>
Other Operating Revenues (Refer Note No. 22.1)	57,037.29	46,327.29	32,042.20
<b>Total</b>	<b>514.41</b>	<b>249.74</b>	<b>544.20</b>
	<b>57,551.70</b>	<b>46,577.03</b>	<b>32,586.40</b>
<b>22.1 Other Operating Revenues</b>			
Export Benefits/Incentives Received			
Scrap Sales	283.02	95.64	90.08
State Government Grant - Industry Promotion Incentive	120.23	33.04	36.24
<b>Total</b>	<b>111.16</b>	<b>121.06</b>	<b>417.88</b>
	<b>514.41</b>	<b>249.74</b>	<b>544.20</b>
<b>23 Other Income</b>			
Interest Income			
<b>Other Non-Operating Income</b>	<b>29.05</b>	<b>5.90</b>	<b>6.83</b>
Insurance Claim			
<b>Total</b>	<b>-</b>	<b>-</b>	<b>14.07</b>
	<b>29.05</b>	<b>5.90</b>	<b>20.90</b>
<b>24 Cost of Material Consumed</b>			
Opening Stock of Raw Material and Other Consumables (including Packing Material)	3,655.32	2,462.38	2,190.83
Add: Purchases during the year			
Less: Closing Stock at the year end	45,718.10	36,808.30	25,109.48
<b>Cost of Material Consumed</b>	<b>-3,085.96</b>	<b>-3,655.32</b>	<b>-2,462.38</b>
	<b>46,287.46</b>	<b>35,615.36</b>	<b>24,837.93</b>
<b>25 Change in Inventory</b>			
<b>Inventories (at commencement)</b>			
Finished Goods			
Work-in-Progress	3,467.67	3,083.29	2,935.79
	195.99	103.17	143.28
<b>Inventories (at Close)</b>	<b>3,663.66</b>	<b>3,186.46</b>	<b>3,079.07</b>
Finished Goods			
Work-in-Progress	4,265.37	3,467.67	3,083.29
	131.11	195.99	103.17
<b>Increase in Inventory</b>	<b>4,396.48</b>	<b>3,663.66</b>	<b>3,186.46</b>
	<b>-732.82</b>	<b>-477.20</b>	<b>-107.39</b>
<b>26 Employee Benefits</b>			
Salaries and Wages			
Contribution to Provident and other Funds	1,595.40	1,387.18	1,276.88
Staff Welfare Expenses	129.72	116.92	84.37
<b>Total</b>	<b>74.23</b>	<b>66.07</b>	<b>68.72</b>
	<b>1,799.35</b>	<b>1,570.17</b>	<b>1,429.97</b>

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

Particulars	Gratuity (funded)		
	2021-22	2020-21	2019-20
<b>a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation</b>			
Defined Benefit Obligation at beginning of the Year			
Current Service Cost	115.66	101.63	69.65
Interest Cost	24.45	26.38	18.65
(Benefit Paid From the Fund)	7.87	6.95	5.41
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	-7.70	-3.45	-
Actuarial (Gains)/Losses on Obligations - Due to Experience	-5.77	-24.65	9.67
Defined Benefit Obligation at year end	-1.13	8.82	-1.75
	<b>133.38</b>	<b>115.66</b>	<b>101.63</b>





<b>b.</b>	<b>Reconciliation of opening and closing balances fair value of plan assets</b>			
	Fair value of plan assets at beginning of the year			
	Interest Income	94.66	78.26	69.65
	Contributions by the Employer (Benefit Paid from the Fund)	6.44 11.99	5.35 19.00	5.41 -
	Return on Plan Assets, Excluding Interest Income	-7.70	-3.45	-
	Fair Value of Plan Assets at the End of the Period	-2.10	-4.51	3.20
		103.28	94.66	78.26
<b>c.</b>	<b>Reconciliation of fair value of assets and obligations</b>			
	Fair value of plan assets			
	Present value of obligation	103.28	94.66	78.26
	Amount Recognized in Balance Sheet	-133.38	-115.66	-101.63
		-30.10	-21.01	-23.37
<b>d.</b>	<b>Expenses recognized in the statement of Profit or Loss for Current Period</b>			
	Current Service Cost			
	Interest Cost	24.45	26.38	18.65
	Interest Income	7.87	6.95	5.41
	Net Cost	-6.44	-5.35	-5.41
		25.88	27.97	18.65
<b>e.</b>	<b>Expenses recognized in Other Comprehensive Income for Current Period</b>			
	Actuarial(gain)/ loss			
	Expected return on plan assets	-6.90	-7.92	-
	Net Cost	2.10	1.31	-
		-4.80	-6.61	-
<b>f.</b>	<b>Expenses recognized in the statement of Profit or Loss for Next Year</b>			
	Current Service Cost			
	Net Interest Cost	23.50	24.46	26.38
	Net Cost	2.18	1.43	1.60
		25.67	25.88	27.97
<b>g.</b>	<b>Maturity Analysis of Benefit Payments</b>			
	Project Benefits Payable in Future Years from the date of Reporting			
	1st Following Year			
	2nd Following Year	9.30	12.05	5.41
	3rd Following Year	10.68	5.46	7.25
	4th Following Year	7.92	9.06	4.87
	5th Following Year	8.97	7.38	7.39
	Sum of Years 6 to 10	10.84	7.27	5.41
	Sum of Years 11 and above	47.41	38.03	31.91
		232.11	189.54	205.61
<b>h.</b>	<b>Sensitivity Analysis</b>			
	Project Benefits Obligation on current assumptions			
	Delta effect of +1% Change in Rate of Discounting	133.39	115.67	101.64
	Delta effect of -1% Change in Rate of Discounting	-11.78	-10.22	-10.33
	Delta effect of +1% Change in Rate of Salary Increase	13.89	12.10	12.39
	Delta effect of -1% Change in Rate of Discounting	13.44	11.66	11.72
	Delta effect of +1% Change in Rate of Employee Turnover	-11.63	-10.12	-10.00
	Delta effect of -1% Change in Rate of Employee Turnover	2.18	1.12	-0.89
		-2.60	-1.41	0.91
	The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.			
	The sensitivity analysis presented above may not be representative of actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.			
	Furthermoew, in presenting the above sensitivity analysis, the present value of projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected present obligation as recognised in the balance sheet.			
	There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.			
<b>i.</b>	<b>Investment Details</b>			
	L.I.C Group Gratuity (Cash Accumulation) Policy	100% Invested with L.I.C.	100% Invested with L.I.C.	100% Invested with L.I.C.





j. Actuarial assumptions	2012-14	2006-08	2006-08
	(Urban)	(Ultimate)	(Ultimate)
Mortality Table (L.I.C.)			
Discount rate (per annum)			
Expected rate of return on plan assets (per annum)	7.23%	6.80%	6.84%
Rate of escalation in Salary (per annum)	7.23%	6.80%	6.84%
Rate of employee turnover	5.00%	5.00%	7.00%
	5.00%	5.00%	5.00%

The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion, other relevant factor's

including supply and demand in the employment market. The above information is certified by the actuary.

Leave Encashment liability amounting to ` 71.45 lakhs (March 31, 2021 : ` 78.95 lakhs, March 31, 2020 : ` 100.31 lakhs) has been provided in the Books of Accounts.

<b>27 Finance Cost</b>			
Interest			
Other Borrowing Costs	1,305.23	1,068.50	983.81
<b>Sub Total</b>	<b>35.08</b>	<b>45.57</b>	<b>44.14</b>
Less: Amount capitalised in the cost of PPE	1,340.31	1,114.07	1,027.95
<b>Total</b>	<b>-273.63</b>	<b>-101.84</b>	<b>-</b>
Note: Finance Cost incurred on various projects being qualifying asset is capitalised in accordance with Ind AS 23.	<b>1,066.68</b>	<b>1,012.23</b>	<b>1,027.95</b>
<b>28 Depreciation and Amortisation Expenses</b>			
Depreciation of Property, Plant and Equipment (Refer Note No.1)	1207.20	1183.71	992.16
Amortisation of Intangible Assets (Refer Note No.1)	37.36	37.36	65.39
<b>Total Depreciation and Amortisation Expenses</b>	<b>1244.56</b>	<b>1221.07</b>	<b>1057.55</b>
<b>29 Other Expenses</b>			
<b>Manufacturing Expenses</b>			
Freight, Cartage & Transport			
Power and Fuel	728.09	829.72	632.49
Water Charges	1,256.18	1,339.66	1,172.00
Processing Charges	61.42	48.70	60.16
Labour/Helper Charges, Security Services	158.70	191.58	221.26
Effluent Treatment Cost	530.67	574.06	509.78
Repairs & Maintenance	105.91	62.33	172.65
Insurance Charges	256.56	303.58	301.00
Factory Administrative Expenses	143.53	92.30	44.09
Other Manufacturing Expenses	204.47	234.97	171.09
<b>Sub-Total (A)</b>	<b>95.96</b>	<b>92.99</b>	<b>63.93</b>
	<b>3,541.49</b>	<b>3,769.89</b>	<b>3,348.45</b>
<b>Office Administrative Expenses</b>			
Rent, Rates and Taxes			
Travelling and Conveyance	19.98	12.77	11.01
Auditor's Remuneration	26.05	6.78	45.43
Legal & Professional Charges	7.02	6.43	6.15
Postage, Telegraph & Telephone	68.65	58.96	29.80
Printing & Stationery Expenses	6.64	7.26	6.40
ROC & Other Filing Fees	1.12	1.61	4.48
Directors Sitting Fees	0.18	0.31	47.28
Loss by Fire	2.12	1.25	0.38
Other Administrative Expenses	70.60	-	-
<b>Sub-Total (B)</b>	<b>38.67</b>	<b>52.55</b>	<b>9.24</b>
	<b>241.03</b>	<b>147.92</b>	<b>160.17</b>
<b>Selling and Distribution Expenses</b>			
Advertisement & Sales Promotion			
Export Freight Expenses, Outward Freights	9.58	13.81	44.04
Commission on Sales	3,118.83	1,350.31	484.62
Sample Testing & Analysis Charges	28.91	24.81	9.35
Other Selling Expenses	12.27	5.30	2.98
<b>Sub-Total (C)</b>	<b>16.29</b>	<b>17.63</b>	<b>15.67</b>
	<b>3,185.88</b>	<b>1,411.86</b>	<b>556.66</b>
<b>Non-Operating Expenses</b>			
Donations and CSR Expenses			
<b>Sub-Total (D)</b>	<b>15.22</b>	<b>20.23</b>	<b>1.50</b>
<b>Total (A+B+C+D)</b>	<b>15.22</b>	<b>20.23</b>	<b>1.50</b>
	<b>6,983.62</b>	<b>5,349.90</b>	<b>4,066.78</b>





Particulars		(Rs. in Lakhs)		
		As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
30	<b>Earning Per Share (EPS)</b>			
	Face Value Per Equity Share (in Rs.)			
	Basic Earnings Per Share (in Rs.)	10.00	10.00	10.00
	Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (Rs. in Lakhs)	7.25	28.52	2.75
	Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (in Lakhs)	549.48	2,163.45	208.61
	Diluted Earnings Per Share (in Rs.)	75.84	75.84	75.84
	Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (Rs. in Lakhs)	7.25	28.52	2.75
	Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (in Lakhs)	549.48	2,163.45	208.61
	Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (in Lakhs)	75.84	75.84	75.84
	<b>Reconciliation of weighted average number of equity shares outstanding</b>			
	Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (in Lakhs)	75.84	75.84	75.84
	Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (in Lakhs)	75.84	75.84	75.84

31	<b>Payment to Auditors</b>			
a.	Statutory Audit Fees			
b.	Certification Fees	6.78	6.18	6.15
c.	Reimbursement of Expenses	0.20	-	0.08
	<b>Total</b>	<b>7.02</b>	<b>6.43</b>	<b>6.23</b>
32	<b>Contingent Liabilities and Commitments</b>	<b>As at 31st March, 2022</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
(i)	<b>Contingent Liabilities</b>			
	(a) Claims against the company not acknowledged as Debt - Unpaid	884.01	884.01	1,002.02
	(b) Claims against the company not acknowledged as Debt - Paid (under dispute)	250.53	260.42	250.54
	(c) Letter of Credit, Bank Guarantees	49.24	11.74	-
(ii)	<b>Commitments</b>			
	Estimated amount of contracts remaining to be executed on Capital Account and not provided for, net of advances	46.86	308.24	75.00
	<b>Total</b>	<b>1,230.64</b>	<b>1,464.41</b>	<b>1,327.56</b>

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





34 Corporate Social Responsibility  
Corporate Social Responsibility expenditure

	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
<b>(a) Gross amount required to be spent by the Holding Company during the year</b>	13.26	NA	NA
<b>(b) Amount approved by the Board to be spent during the year</b>			
Construction / acquisition of any asset			
On purposes other than above			
<b>Total</b>	15.00	NA	NA
<b>(c) Amount spent during the year</b>	15.00		
Construction / acquisition of any asset			
On purposes other than above			
<b>Total</b>	14.92	19.65	NIL
<b>(d) Details of ongoing project and other than ongoing project</b>	14.92	19.65	-
<b>(i) In case of Section 135(6) (ongoing project)</b>			
Opening Balance - With the Holding Company	-	-	-
- In Separate CSR Unspent A/c	-	-	-
Amount required to be spent during the year	-	-	-
Amount spent during the year - From Holding Company's bank A/c'	-	-	-
- From Separate CSR Unspent A/c	-	-	-
Closing Balance - With Company	-	-	-
- In Separate CSR Unspent A/c	-	-	-
<b>(ii) In case of Section 135(5) (other than ongoing project)</b>			
Opening Balance	-	-	-
Amount deposited in Specified Fund of Sch. VII within 6 months	-	-	-
Amount required to be spent during the year	-	-	-
Amount spent during the year	13.26	NA	NA
Closing balance (Excess spent)	14.92	19.65	-
<b>(e) Details related to spent / unspent obligations :</b>	1.66	-	-
(i) Contribution to Public Trust	-	-	-
(ii) Contribution to Charitable Trust	-	-	-
(iii) Others (Healthcare Facilities)	-	-	-
(iv) Unspent amount in relation to:	14.92	19.65	NIL
- Ongoing projects	-	-	-
- Other than ongoing projects	-	-	-
<b>Total</b>	14.92	19.65	-

# CSR was not applicable to the subsidiary company during current as well as previous financial year.

**Nature of CSR activities undertaken by the Holding Company**

The CSR initiatives of the Company aim towards inclusive development of the communities largely around the vicinity of

(i) Healthcare Facilities - Distribution of medical equipments

(ii) Donations towards covid-19 relief

35 Segment Information

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

**Revenue from Type of Products and Services**

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

**Secondary Segment Information**

Particulars	FY 2021-22	FY 2020-21	FY 2019-20
<b>Segment Revenue - External Turnover</b>			
Local Sales			
Export Sales	39,704.80	33,217.63	26,698.14
Deemed Export Sales	15,888.27	8,711.00	3,765.58
<b>Total</b>	1,444.22	4,398.66	1,578.48
<b>Non-Current Assets*</b>	57,037.29	46,327.29	32,042.20
Within India			
Outside India	22,742.32	21,113.63	16,793.06
<b>Total</b>	22,742.32	21,113.63	16,793.06

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

**Information about major customers**

Ind As 108 Segment Reporting Requires Disclosure of reliance on its Major customers if Revenue from transactions with single external customer amounts to 10 per cent or more of company's total Revenue. Holding Company's total Revenue of Rs. 57,037.29 Lakhs (FY 2020-21: Rs. 46,327.29 Lakhs, FY 2019-20: Rs.32,042.20 Lakhs) include sales of Rs.21,425.41 Lakhs (FY 2020-21 : Rs. 16,235.00 Lakhs, FY 2019-20 : Rs.19,385.00 Lakhs) to two large customers with whom the company is having long standing Relationship.





36 Related Party Disclosures

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

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

Sr. No.	Name of the Related Party	Relationship
1	Mr. Chandrakant Vallabhaji Gogri	Non-Executive Director
2	Mr. Nikhil Parimal Desai	Managing Director
3	Mr. Dattatray Sidram Galpalli	Non-Executive Director
4	Mr. Santosh Madhaorao Kakade	Executive Director
5	Mr. Mulesh Manilal Savla	Independent Director
6	Ms. Misha Bharat Gala	Independent Director
7	Mr. Parimal Hashmukhlal Desai	Executive Director of Subsidiary (Aarti HPC Limited)
8	Ms. Kanika Rathore	Executive Director of Subsidiary (Aarti HPC Limited)
9	Mr. Prashant Gaikwad	Company Secretary (Resigned w.e.f April 14,2022)
10	Mr. Nitesh Medh	Chief Financial Officer
11	Aarti Surfactants Limited Employees Group Gratuity Scheme	Post Employment Benefit Trust

36.2 Transactions during the year with Related Parties

Sr. No.	Name of the Related Party	(Rs. in Lakhs)		
		FY 2021-22	FY 2020-21	FY 2019-20
	<b>Key Management personnel and their relatives</b>			
1	Remuneration paid			
2	Sitting Fees	132.53	117.00	74.83
	<b>Post Employment Benefit Trust</b>			
3	Contribution during the year	2.12	1.25	0.38
		11.99	19.00	0.50
				-

36.3 Balances during the year with Related Parties

Sr. No.	Name of the Related Party	(Rs. in Lakhs)		
		FY 2021-22	FY 2020-21	FY 2019-20
	<b>Key Management personnel and their relatives</b>			
1	Aarti Surfactants Limited Employees Group Gratuity Scheme	103.28	94.66	78.26



### 37 Capital Management

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

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

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

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

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

Particulars	(Rs. in Lakhs)		
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Gross Debt			
Less: Cash and Cash Equivalent	16,151.76	15,193.62	10,920.70
Net Debt (A)	142.91	673.24	10.48
Total Equity (As per Balance Sheet) (B)	16,008.85	14,520.38	10,910.22
Net Gearing Ratio (A/B)	13,591.77	13,265.02	11,094.96
	1.18	1.09	0.98

#### 37.2 Dividends

Particulars	(Rs. in Lakhs)		
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Dividend not recognised at the end of the reporting period			
The Board of Directors have recommended recommendation of the NIL Dividend for the financial year ended March 31, 2022, (March 31, 2021 Rs.3)	-	227.53	-





38 Financial Instruments

A. Fair Value Measurement Hierarchy

Particulars	(Rs. in Lakhs)				
	Carrying Amount	As at 31st March, 2022			Level 3
		Level of Input Used		Level 2	
		Level 1	Level 2	Level 3	
<b>Financial Assets</b>					
<b>At Amortised Cost</b>					
Trade Receivables					
Cash and Cash Equivalents	5,446.70	-	-	-	
Loans	142.91	-	-	-	
Others	19.59	-	-	-	
<b>At Cost</b>	1,714.06				
Investments	0.03	-	-	-	
<b>Financial Liabilities</b>					
<b>At Amortised Cost</b>					
Borrowings - Non Current					
Borrowings - Current	10,537.17	-	-	-	
Trade Payables	5,614.59	-	-	-	
Others	7,017.27	-	-	-	
	825.91	-	-	-	

Particulars	(Rs. in Lakhs)				
	Carrying Amount	As at 31st March, 2021			Level 3
		Level of Input Used		Level 2	
		Level 1	Level 2	Level 3	
<b>Financial Assets</b>					
<b>At Amortised Cost</b>					
Trade Receivables					
Cash and Cash Equivalents	5,443.20	-	-	-	
Loans	673.24	-	-	-	
Others	34.04	-	-	-	
<b>At Cost</b>	564.00				
Investments	0.03	-	-	-	
<b>Financial Liabilities</b>					
<b>At Amortised Cost</b>					
Borrowings - Non Current					
Borrowings - Current	8,049.01	-	-	-	
Trade Payables	7,144.61	-	-	-	
Others	7,810.67	-	-	-	
	555.36	-	-	-	

Particulars	(Rs. in Lakhs)				
	Carrying Amount	As at 31st March, 2020			Level 3
		Level of Input Used		Level 2	
		Level 1	Level 2	Level 3	
<b>Financial Assets</b>					
<b>At Amortised Cost</b>					
Trade Receivables					
Cash and Cash Equivalents	1,791.99	-	-	-	
Loans	10.48	-	-	-	
Others	36.45	-	-	-	
<b>At Cost</b>	166.77				
Investments	0.03	-	-	-	
<b>Financial Liabilities</b>					
<b>At Amortised Cost</b>					
Borrowings - Non Current					
Borrowings - Current	4,577.93	-	-	-	
Trade Payables	6,342.77	-	-	-	
Others	1,924.40	-	-	-	
	980.06	-	-	-	

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

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

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

Level 3: Inputs based on unobservable market data.

B. Financial Risk Management

The Group's principal financial liabilities comprise borrowings, trade payables and other unsecured Lendings. The main purpose of these financial liabilities is to finance the Group'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 Group's senior management oversees the management of these risks.





a. Market Risk  
(i) Foreign currency risk

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

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

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

	As at March 2022		As at March 2021	
	Amount in	Amount in	Amount in	Amount in
<b>Liabilities</b>				
United States Dollar (\$)	43.16	3,270.97	43.81	3,202.74
EURO (€)	0.13	10.95	-	-
	<b>43.16</b>	<b>3,270.97</b>	<b>43.81</b>	<b>3,202.74</b>
<b>Assets</b>				
United States Dollar (\$)	23.78	1,802.04	21.76	1,591.18
	<b>23.78</b>	<b>1,802.04</b>	<b>21.76</b>	<b>1,591.18</b>
<b>Net foreign currency denominated monetary liability/(asset) (total)</b>				
United States Dollar (\$)	19.38	1,468.93	22.04	1,611.56
EURO (€)	0.13	10.95	-	-
<b>Foreign exchange derivatives</b>				
USD (Hedged)	-	-	-	-
EURO (Hedged)	-	-	-	-
<b>Net foreign currency denominated monetary liability/(asset) (unhedged)</b>				
United States Dollar (\$)	19.38	1,468.93	22.04	1,611.56
EURO (€)	0.13	10.95	-	-

	As at March 2020	
	Amount in	Amount in
<b>Liabilities</b>		
United States Dollar (\$)	0.60	45.40
EURO (€)	0.35	28.97
	<b>0.95</b>	<b>74.37</b>
<b>Assets</b>		
United States Dollar (\$)	2.67	202.35
	<b>2.67</b>	<b>202.35</b>
<b>Net foreign currency denominated monetary liability/(asset) (total)</b>		
United States Dollar (\$)	-2.07	-156.95
EURO (€)	0.35	28.97
<b>Foreign exchange derivatives</b>		
USD (Hedged)	-	-
EURO (Hedged)	-	-
<b>Net foreign currency denominated monetary liability/(asset) (unhedged)</b>		
United States Dollar (\$)	-2.07	-156.95
EURO (€)	0.35	28.97

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).

	FY 2021-22		FY 2020-21	
	+ 100 BPS	- 100 BPS	+ 100 BPS	- 100 BPS
United States Dollar (\$)	-14.69	14.69	-16.12	16.12
EURO (€)	-0.11	0.11	-	-

	FY 2019-20	
	+ 100 BPS	- 100 BPS
United States Dollar (\$)	1.57	-1.57
EURO (€)	-0.29	0.29



(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) :

	As at 31st March 2022			As at 31st March 2021		
	Fixed Rate	Floating Rate	Total	Fixed Rate	Floating Rate	Total
Indian National Rupee (INR) - Total	2,014.48	14,137.28	16,151.76	2,761.88	12,431.74	15,193.62
Indian National Rupee (INR) - Hedged (interest rate swaps)	-	-	-	-	-	-
Indian National Rupee (INR) - Unhedged	2,014.48	14,137.28	16,151.76	2,761.88	12,431.74	15,193.62
% of Total Borrowings	12.47%	87.53%	100.00%	18.18%	81.82%	100.00%

	As at 31st March 2020		
	Fixed Rate	Floating Rate	Total
Indian National Rupee (INR) - Total	1,869.27	9,051.43	10,920.70
Indian National Rupee (INR) - Hedged (interest rate swaps)	-	-	-
Indian National Rupee (INR) - Unhedged	1,869.27	9,051.43	10,920.70
% of Total Borrowings	17.12%	82.88%	100.00%

**Interest Rate Sensitivity**

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

	FY 2021-22	FY 2020-21	FY 2019-20
50 BPS increase would (decrease) the Profit before Tax by	-70.69	-62.16	-45.26
50 BPS decrease would increase the Profit before Tax by	70.69	62.16	45.26





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 Group's activities in investments and outstanding receivables from customers.

c. Liquidity Risk

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

The Group's corporate treasury department is responsible for liquidity and funding as well as settlement. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the 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, 2022

Particulars	(Rs. in Lakhs)			
	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Borrowings - Non Current	-	10,537.17	-	10,537.17
Borrowings - Current	5,614.59	-	-	5,614.59
Others Financial Liabilities - Current	825.91	-	-	825.91
Trade Payables	7,017.27	-	-	7,017.27
<b>Total</b>	<b>13,457.77</b>	<b>10,537.17</b>	<b>-</b>	<b>23,994.94</b>

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

Particulars	(Rs. in Lakhs)			
	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Borrowings - Non Current	-	8,049.01	-	8,049.01
Borrowings - Current	7,144.61	-	-	7,144.61
Others Financial Liabilities - Current	555.36	-	-	555.36
Trade Payables	7,810.67	-	-	7,810.67
<b>Total</b>	<b>15,510.64</b>	<b>8,049.01</b>	<b>-</b>	<b>23,559.65</b>

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

Particulars	(Rs. in Lakhs)			
	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Borrowings - Non Current	-	4,577.93	-	4,577.93
Borrowings - Current	6,342.77	-	-	6,342.77
Others Financial Liabilities - Current	980.06	-	-	980.06
Trade Payables	1,924.40	-	-	1,924.40
<b>Total</b>	<b>9,247.23</b>	<b>4,577.93</b>	<b>-</b>	<b>13,825.16</b>



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

- (a) The Holding Company and its Subsidiary do not have any benami property held in its name. No proceedings have been initiated on or are pending against The Holding Company and its Subsidiary for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- (b) 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.
- (c) 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 Group (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 Group shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- (d) There is no income surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (such as search or survey), that has not been recorded in the books of account.
- (e) The Group has not traded or invested in crypto currency or virtual currency during the year.

40 **Disclosure for Struck off companies**

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

					(Rs. in Lakhs)
Name of struck off company	Nature of transactions with struck off company	Balance as at March 31, 2022	Balance as at March 31, 2021	Balance as at March 31, 2020	Relationship with the struck off company
Perfect magnet private ltd	Purchase of goods	-	-	-	Vendor
Bluechip cooling towers pvt ltd	Purchase of goods	-	2.40	-	Vendor
Riddhi fabrics pvt ltd	Purchase of goods	-	0.39	-	Vendor





## 41 Ratio Analysis

Sr. No.	Ratio	Numerator	Denominator	As at 31st March 2022	As at 31st March 2021	As at 31st March 2020	% Change - FY 22 vs FY21	Reason for variance- FY 22 vs FY21	% Change - FY 21 vs FY20	Reason for variance- FY 21 vs FY20
1	Current ratio	Current Assets	Current Liabilities = Total current liabilities - Current maturities of non-current borrowings	1.22	1.11	1.00	10.52%	The variation is primarily due to decrease in current borrowings as at March 31, 2022	11.20%	The variation is primarily due to decrease in current borrowings as at March 31, 2021
2	Net Debt- Equity ratio	Net debt = Non-current borrowings + Current borrowings - Cash and cash equivalents	Average Equity [Equity = Equity share capital + Other equity]	1.19	1.19	0.98	0.00%	-	21.23%	Gain on Disposal of Investment in FY 19-20
3	Debt Service Coverage ratio	Earnings for debt service = Net Profit before tax + Non-cash operating expenses (depreciation and amortisation) + Net finance cost [Net finance cost = Finance costs - Interest income]	Debt service = Interest payable + Principal Repayments of long term borrowings (excluding prepayments)	1.46	2.30	1.85	-36.51%	The variation is primarily due to decrease in profitability as Margins are subdued because of inflation in key raw material prices, coal, fuel & freight charges during the year ended March 31, 2022	24.18%	The variation is primarily due to Increase in profitability in FY 20-21
4	Return on Equity ratio	Profit after tax	Average total equity [Equity = Equity share capital + Other equity]	0.04	0.18	0.02	-76.96%	The variation is primarily due to decrease in profitability as Margins are subdued because of inflation in key raw material prices, coal, fuel & freight charges during the year ended March 31, 2022	844.69%	The variation is primarily due to Increase in profitability in FY 20-21
5	Inventory Turnover ratio	Cost of goods sold	Average Inventory	6.16	5.42	4.38	13.58%		23.78%	
6	Trade Receivable Turnover ratio	Revenue from Sale of Products and Services	Average Trade Receivable	10.48	12.81	17.88	-18.20%		-28.38%	
7	Trade Payable Turnover ratio	Cost of goods sold and Other Expenses	Average Trade Payables	7.09	8.32	14.96	-14.81%		-44.41%	
8	Net Capital Turnover ratio	Revenue from Operations	Working capital = Current assets - Current liabilities	22.18	42.66	-90.99	-48.00%	The variation is primarily due to increase in Revenue & Working Capital during the year ended March 31, 2022	-146.88%	The variation is primarily due to increase in Revenue & Working Capital during the year ended March 31, 2021
9	Net Profit ratio	Profit after tax	Revenue from operations	0.01	0.05	0.01	-79.44%	The variation is primarily due to decrease in profitability as Margins are subdued because of inflation in key raw material prices, coal, fuel & freight charges during the year ended March 31, 2022	625.57%	The variation is primarily due to Increase in profitability in FY 20-21
10	Return on Capital Employed	Earnings before interest and tax	Average Capital Employed [Capital Employed = Total Equity + Total non-current liabilities]	0.08	0.17	0.08	-50.83%	The variation is primarily due to decrease in profitability as Margins are subdued because of inflation in key raw material prices, coal, fuel & freight charges during the year ended March 31, 2022	112.50%	The variation is primarily due to Increase in profitability in FY 20-21
11	Return on Investment	Income generated from Investments	Average Investments	NIL	NIL	NIL	-		-	



ND



**Capitalisation Statement:**

Denominator	As at 30th September 2022 (Pre Issue)	Post Issue
Short-Term Debt	9,558.93	[•]
Long-Term Debt	8,967.65	[•]
<b>Shareholders' Funds</b>		
-Share Capital	758.45	[•]
-Reserves	13,229.55	[•]
<b>Total Shareholders' Funds</b>	<b>13,988.00</b>	<b>[•]</b>
<b>Long Term Debt/Equity</b>	<b>0.64</b>	<b>[•]</b>

Note: Post Issue Capitalisation will be determined post finalisation of relevant parameters at the time of finalising the final Letter of Offer.

**Ratio : (Return on Net Worth and Net Asset Value Per Share)**

Particulars	As at 30th September 2022	As at 31st March 2022	As at 31st March 2021	As at 31st March 2020
Revenue From Operations	30,989.85	57,551.70	46,577.03	32,586.40
Profit After Tax	403.10	549.48	2,163.45	208.61
Weighted Average Number of Equity Shares at the end of the Year(In Lakhs)	75.84	75.84	75.84	75.84
Net Worth (Total Shareholders' Funds)	13,988.00	13,591.77	13,265.02	11,094.96
Earning Per Share				
-Basic & Diluted	5.31	7.25	28.52	2.75
Return on Net Worth (Profit After Tax/Net Worth)	0.03	0.04	0.16	0.02
Net Asset Value Per Share (Net Worth/Weighted Average Number of Equity Shares(in Lakhs))	184.43	179.21	174.90	146.29
Total Borrowings	18,526.58	16,151.76	15,193.62	10,920.70
EBITDA	2,045.63	3,243.14	4,524.70	2,380.02



## STOCK MARKET DATA FOR EQUITY SHARES

Our Company's Equity Shares are listed and actively being traded on BSE and NSE from July 14, 2020. The Rights Equity Shares will be listed on BSE and NSE pursuant to the Issue. For further details, please see section titled "*Terms of the Issue*" on page 183 of this Draft Letter of Offer.

For the purpose of this section, unless otherwise specified:

1. Year is a Financial Year;
2. Average price is the average of the daily closing prices of our Equity Shares for the year, or the month, as the case may be;
3. High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of our Equity Shares, for the year, the month, or the week, as the case may be; and
4. In case of 2 days with the same high / low / closing price, the date with higher volume has been considered.

### Stock Market Data of the Equity Shares

The high, low and average market closing prices recorded on the Stock Exchanges during the last three years and the number of Equity Shares traded on these days are stated below:

#### a) BSE Limited

Fiscal	High (₹)	Date of High	Volume on date of high (No. of Equity Shares)	Total Volume on date of high (₹)	Low (₹)	Date of low	Volume on date of low (No. of Equity Shares)	Total Volume on date of low (₹)	Average market price (₹)
2022	1885	August 06, 2021	18779	34030859	746	March 30, 2022	3864	2951843	1246
2021	1211	December 03, 2020	12819	14928656	223	August 04, 2020	745201	182635956	733.51

(Source: [www.bseindia.com](http://www.bseindia.com))

#### b) National Stock Exchange of India Limited

Fiscal	High (₹)	Date of High	Volume on date of high (No. of Equity Shares)	Total Volume on date of high (₹)	Low (₹)	Date of low	Volume on date of low (No. of Equity Shares)	Total Volume on date of low (₹)	Average market price (₹)
2022	1887	August 06, 2021	161246	293160895	745	March 30, 2022	31856	24331463.9	1245.8
2021	1209.60	December 03, 2020	154545	178526795	222	August 04, 2020	762421	181464905	730.98

(Source: [www.nseindia.com](http://www.nseindia.com))

## Market Prices for the last six calendar months

### a) BSE Limited

The total number of days trading during the past six months, from June 2022 to November 2022 was 125. The average volume of Equity Shares traded on the BSE during the last 6 months was 1523.71 Equity Shares per day.

The high and low prices and volume of Equity Shares traded on the respective date on the BSE during the last 6 months preceding the date of filing of this Draft Letter of Offer are as follows:

Month	High (₹)*	Date of High	Volume on date of high (No. of Equity Shares)	Total Volume on date of high (₹)	Low (₹)*	Date of low	Volume on date of low (No. of Equity Shares)	Total Volume on date of low (₹)	Average market price (₹)**
November, 2022	837.25	November 01, 2022	8672	6943490	695	November 21, 2022	792	557291	735.86
October, 2022	831.15	October 11, 2022	561	457788	720	October 31, 2022	387	282142	767.11
September, 2022	948.8	September 02, 2022	13913	12547839	745.6	September 30, 2022	1464	1119857	824.13
August, 2022	844	August 02, 2022	3420	2824760	705	August 29, 2022	1219	890119	765.04
July, 2022	777.8	July 25, 2022	752	567744	620	July 06, 2022	2225	1485129	710.94
June, 2022	750	June 03, 2022	1572	1115966	605.95	June 20, 2022	1108	702864	656.80

(Source: [www.bseindia.com](http://www.bseindia.com))

### b) National Stock Exchange of India Limited

The total number of days trading during the past six months, from June 2022 to November 2022 was 125. The average volume of Equity Shares traded on the NSE was 15404.03 per day.

The high and low prices and volume of Equity Shares traded on the respective date on the NSE during the last six months preceding the date of filing of this Draft Letter of Offer are as follows:

Month	High (₹)*	Date of High	Volume on date of high (No. of Equity Shares)	Total Volume on date of high (₹)	Low (₹)*	Date of low	Volume on date of low (No. of Equity Shares)	Total Volume on date of low (₹)	Average market price (₹)**
-------	-----------	--------------	---	----------------------------------	----------	-------------	--	---------------------------------	----------------------------



November, 2022	836.1	November 01, 2022	121774	98129823.9	696.3	November 21, 2022	12654	8886071.9	736.15
October 2022	900	October 10, 2022	26591	21,554,458.85	721	October 31, 2022	6963	5052677.95	766.62
September 2022	948.8	September 02, 2022	230568	208,064,743.70	744.95	September 01, 2022	247812	215509345.35	823.87
August 2022	843.7	August 02, 2022	44730	36838004.15	715	August 29, 2022	5725	4192734.3	765.29
July 2022	784	July 28, 2022	6489	4803816.7	620	July 01, 2022	8140	5136483.35	710.77
June 2022	750	June 03, 2022	1572	8016116.4	603.35	June 20, 2022	13025	8087834.85	656.89

(Source: [www.nseindia.com](http://www.nseindia.com))

The Board of our Company has approved the Issue at their meeting held on November 05, 2022. The high and low prices of our Company's shares as quoted on the BSE and NSE on November 07, 2022, the day on which the trading happened immediately following the date of the Board meeting is as follows:

Date	Volume (No. of equity shares)	Highest Price (₹)	Low price (₹)
<b>BSE</b>			
November 07, 2022	8,871	785.00	732.70
<b>NSE</b>			
November 07, 2022	28,966	788	735.05

Source: [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com)

The closing market price of the Equity Shares as on December 15, 2022 i.e. one day prior to filing of this Draft Letter of Offer was ₹ 674.85 on the BSE and ₹ 675.35 on the NSE. The Issue Price is ₹ [●] per Rights Equity Share.

## MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the section titled **“Restated Financial Statements”** beginning on page 103 of this Draft Letter of Offer. Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should also read the section titled **“Risk Factors”** and the section titled **“Forward Looking Statements”** beginning on pages 24 and 15, respectively of this Draft Letter of Offer, which discuss a number of factors and contingencies that could affect our financial condition and results of operations.

You should read the following discussion and analysis of our financial condition and results of operations together with the Financial Statements, including the significant accounting policies, notes thereto and reports thereon, which have been prepared in accordance with Companies Act and SEBI ICDR Regulations.

Our Financial Statements have been prepared on a basis that differs in certain material respects from generally accepted accounting principles in other jurisdictions, including IFRS. Accordingly, the degree to which Financial Statements will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader’s level of familiarity with Ind AS. Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are for the 12 months ended March 31 of that year. Unless otherwise indicated or the context requires, the financial information for Fiscal 2022 included herein is based on the Restated Financial Statements included in this Draft Letter of Offer. For further information, please see the sections titled **“Presentation of Financial, Industry and Market Data”** and **“Restated Financial Statements”** beginning on pages 17 and 103 respectively of this Draft Letter of Offer.

### Overview

Our Company is a manufacturer of ionic and non-ionic surfactants and primarily caters to the market segments such as baby care, oral care, hair care, home care, skin and personal care and industrial application with a wide range of innovative, customization, eco-friendly and high-quality products. (Ionic surfactants are the surface active agents containing cations or anions as in their formulations, whereas non-ionic surfactants are those that can be used with high salinity or hard water, and are compatible with other types, and are excellent candidates for complex mixtures with low toxicity levels.)

We have a comprehensive portfolio of over 20 products. Our wide product portfolio comprises of surfactants, mild surfactants, preservatives, pearling agent and blends, which finds application in diverse segments including shampoos, soaps, handwash, detergents, floor cleaners, etc. We also manufacture formulated blends as per customer specifications and ensure timely delivery by leveraging distribution network. We also supply our products to several countries across the world with a major presence in North America, South America, South- East Asia and Europe.

For further details, please see the sections titled **“Restated Financial Statements”**, **“Our Promoter”** and **“Our Management”** beginning on pages 103, 100 and 88 of this Draft Letter of Offer.

The key highlights of our financial and operating metrics from Fiscal 2020 to Fiscal 2022, and for the period ended September 30, 2022 are as set out in table as mentioned below:

*(₹ in Lakhs unless stated otherwise)*

Particulars	As at 30th September 2022	As at 31st March 2022	As at 31st March 2021	As at 31st March 2020
Revenue From Operations	30,989.85	57,551.70	46,577.03	32,586.40
Profit After Tax	403.10	549.48	2,163.45	208.61
Weighted Average Number of Equity Shares at the end of the Year (In Lakhs)	75.84	75.84	75.84	75.84
Net Worth (Total Shareholders' Funds)	13,988.00	13,591.77	13,265.02	11,094.96

Particulars	As at 30th September 2022	As at 31st March 2022	As at 31st March 2021	As at 31st March 2020
Earnings Per Share				
-Basic & Diluted	5.31	7.25	28.52	2.75
Return on Net Worth (Profit After Tax/Net Worth)	0.03	0.04	0.16	0.02
Net Asset Value Per Share (Net Worth/Weighted Average Number of Equity Shares (in Lakhs))	184.43	179.21	174.90	146.29
Total Borrowings	18,526.58	16,151.76	15,193.62	10,920.70
EBITDA	2,045.63	3,243.14	4,524.70	2,380.02

### SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business is subjected to various risks and uncertainties, including those discussed in the section titled “**Risk Factor**” beginning on page 24 of this Draft Letter of Offer. Our results of operations and financial conditions are affected by numerous factors including the following:

1. Company’s inability to successfully implement its growth and expansion plans;
2. Changes in technology/ government laws and regulations to Industry in which we operate;
3. Demand and seasonality
4. Operational guidance and support;
5. Cost of consumables;
6. Employee costs.

### SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently to the periods presented in the Financial Statements. For details of our significant accounting policies, please see the section titled “**Restated Financial Statements**” beginning on page 103 of this Draft Letter of offer.

### CHANGE IN ACCOUNTING POLICIES IN PREVIOUS 3 YEARS

Except as mentioned in the section titled “**Restated Financial Statements**” beginning on page 103 of this Draft Letter of Offer, there has been no change in accounting policies in last 3 years.

### RESULTS OF OPERATIONS

The following table sets out selected data from the Audited & Consolidated Profit and Loss accounts for the half year ended on 30<sup>th</sup> September 2022 and 30<sup>th</sup> September 2021, together with the percentage that each line item represents of our total revenue for the periods presented.

Particulars	For the half year ended September, 2022		For the half year ended September, 2021	
	₹ (in Lakhs)	% of Total Income	₹ (in Lakhs)	% of Total Income
(a) Revenue from Operations	30,989.85	99.94%	28,896.53	99.99%
(b) Other Income	18.47	0.06%	3.37	0.01%
<b>Total Revenue</b>	<b>31,008.32</b>	<b>100.00%</b>	<b>28,899.90</b>	<b>100.00%</b>
<b>Expenses</b>				
(a) Cost of Materials Consumed	27,104.36	87.41%	24,410.10	84.46%



Particulars	For the half year ended September, 2022		For the half year ended September, 2021	
	₹ (in Lakhs)	% of Total Income	₹ (in Lakhs)	% of Total Income
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(2,156.35)	(6.95%)	(1,951.21)	(6.75%)
(c) Employee Benefit Expenses	850.36	2.74%	928.14	3.21%
(d) Finance Costs	672.05	2.17%	535.29	1.85%
(e) Depreciation and Amortisation Expense	754.69	2.43%	689.88	2.39%
(f) Other Expenses	3,164.32	10.20%	3,588.84	12.42%
<b>Total Expenses</b>	<b>30,389.43</b>	<b>98.00%</b>	<b>28,201.04</b>	<b>97.58%</b>
<b>Profit / (Loss) before Tax</b>	<b>618.89</b>	<b>2.00%</b>	<b>698.86</b>	<b>2.42%</b>
<b>Tax expense</b>				
(a) Current Tax	72.00	0.23%	122.61	0.42%
b) Deferred Tax	143.79	0.46%	41.14	0.14%
<b>Profit After Tax</b>	<b>403.10</b>	<b>1.30%</b>	<b>535.11</b>	<b>1.85%</b>

The following table sets out selected data from the Restated Financial Statements for Fiscal 2022 and Fiscal 2021 and Fiscal 2020, together with the percentage that each line item represents of our total revenue for the periods presented.

Particulars	Fiscal 2022		Fiscal 2021		Fiscal 2020	
	₹ (in Lakhs)	% of Total Income	₹ (in Lakhs)	% of Total Income	₹ (in Lakhs)	% of Total Income
(a) Revenue from Operations	57,551.70	99.95%	46,577.03	99.99%	32,586.40	57,551.70
(b) Other Income	29.05	0.05%	5.9	0.01%	20.9	29.05
<b>Total Revenue</b>	<b>57,580.75</b>	<b>100.00%</b>	<b>46,582.93</b>	<b>100.00%</b>	<b>32,607.30</b>	<b>100.00%</b>
<b>Expenses</b>						
(a) Cost of Materials Consumed	46,287.46	80.39%	35,615.36	76.46%	24,837.93	76.17%
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	-732.82	-1.27%	-477.2	-1.02%	-107.39	-0.33%
(c) Employee Benefit Expenses	1,799.35	3.12%	1,570.17	3.37%	1,429.97	4.39%
(d) Finance Costs	1,066.68	1.85%	1,012.23	2.17%	1,027.95	3.15%
(e) Depreciation and Amortisation Expense	1244.57	2.16%	1221.07	2.62%	1057.55	3.24%
(f) Other Expenses	6,983.62	12.13%	5,349.90	11.48%	4,066.78	12.47%
<b>Total Expenses</b>	<b>56,648.86</b>	<b>98.38%</b>	<b>44,291.53</b>	<b>95.08%</b>	<b>32,312.78</b>	<b>99.10%</b>
<b>Profit / (Loss) before Tax</b>	<b>931.89</b>	<b>1.62%</b>	<b>2,291.40</b>	<b>4.92%</b>	<b>294.52</b>	<b>0.90%</b>
<b>Tax expense</b>						
Current Tax	65.71	0.11%	50	0.11%	51.54	0.16%

Particulars	Fiscal 2022		Fiscal 2021		Fiscal 2020	
	₹ (in Lakhs)	% of Total Income	₹ (in Lakhs)	% of Total Income	₹ (in Lakhs)	% of Total Income
MAT Credit Entitlement	-		-		-51.54	-0.16%
Deferred Tax	316.7	0.55%	77.95	0.17%	85.91	0.26%
<b>Total Tax expense</b>	<b>382.41</b>	<b>0.66%</b>	<b>127.95</b>	<b>0.27%</b>	<b>85.91</b>	<b>0.26%</b>
<b>Profit After Tax</b>	<b>549.48</b>	<b>0.95%</b>	<b>2,163.45</b>	<b>4.64%</b>	<b>208.61</b>	<b>0.64%</b>

### ***Principal components of our statement of profit and loss account Revenue***

The following descriptions sets forth information with respect to key components of the Restated Financial Statements.

#### **Total Revenue**

Our revenue comprises of (i) Revenue from operations and (ii) Other Income.

#### ***Revenue from operations***

Our revenue from operations comprises income of revenue from local and export sales, scrap sales and State Government Grant - Industry Promotion Incentive.

#### ***Other Income***

Our other income includes mostly of interest income.

#### ***Expenses***

Our expenses consist of (i) Purchase of Stock-In-Trade, (ii) change in inventories of finished goods, work-in-progress and stock-in-trade, (iii) employee benefit expenses, (iv) finance costs, (v) depreciation and amortization expense; and (vi) other expenses.

#### ***Employee benefit expenses***

Employee benefit expense consists of salary, contribution to provident fund expense and staff welfare expense. As of Fiscal 2022 we have 321 employees.

#### ***Finance costs***

Our finance costs comprise of interest on term loan and working capital loan and other finance cost.

#### ***Depreciation expenses***

Depreciation expenses consist of depreciation of fixed assets corresponding to their estimated useful lives.

#### ***Other expenses***

Our other expenses primarily includes manufacturing expenses, office administrative expenses, selling and distribution expenses, donations and CSR expenses.

#### ***Tax expenses***

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.

### **Results of our Operations**

#### **Comparison of half year ended September 2022 with half year ended September 2021**

#### ***Revenues***

#### **Total Income**

Our total revenue increased from ₹28,899.90 Lakhs in the half year ended on September 2021 to ₹31,008.32 Lakhs in the half year ended on September 2022, showing an increase of ₹ 2,108.42 Lakhs.

### *Revenue from operations*

Our revenues from operations increased from ₹28,896.53 Lakhs in the half year ended on September 2021 to ₹30,989.85 Lakhs in the half year ended on September 2022, showing an increase of ₹2,093.32 Lakhs. The increase in income from corresponding previous year is on account of increase in sales volume coupled with higher price realization.

### *Other Income*

Other income for the half year ended on September 2022 was ₹ 18.47 Lakhs as compared to ₹3.37 Lakhs for the half year ended on September 2021. The increase in other income from corresponding previous year is on account of increase in interest income.

### *Employee benefit expenses*

Employee benefit expenses for the half year ended on September 2022 stood at ₹850.36 Lakhs, a decrease by 8.38 % over our employee benefit expenses of ₹928.14 Lakhs in the half year ended on September 2021 on account of less employee turnover.

### *Finance costs*

Finance costs for the half year ended on September 2022 stood at ₹672.05 Lakhs showing an increase by ₹136.76 Lakhs as compared to our finance costs of ₹535.29 Lakhs for the half year ended on September 2021 on account of increase in overall borrowing rates.

### *Depreciation and Amortization Expense*

Our depreciation charge increased by 9.39% compared from ₹689.88 Lakhs for the half year ended on September 2021 to ₹754.69 Lakhs for the half year ended on September 2022.

### *Other expenses*

Other expenses for the half year ended on September 2022 stood at ₹3,164.32 Lakhs as compared to ₹3,588.84 Lakhs for the half year ended on September 2021 showing a decrease by ₹424.52 Lakhs on account of reduction in Selling and Distribution expenses.

### *Profit/Loss before Tax*

In light of the above discussions, there was a decrease by ₹79.97 Lakhs as compared to our profit before tax of ₹698.86 Lakhs for the half year ended on September 2021 to ₹618.89 Lakhs for the half year ended on September 2022.

### *Profit/Loss after Tax*

For the various reasons discussed above, and following adjustments for tax expense, Profit after tax was decreased by ₹132.01 Lakhs as compared from ₹535.11 Lakhs for the half year ended on September 2021 to ₹ 403.10 Lakhs for the half year ended on September 2022.

## **Comparison Fiscal 2022 with Fiscal 2021**

### *Total Revenues*

Our total revenues increased from ₹46,582.93 Lakhs in the fiscal 2021 to ₹57,580.75 Lakhs in the fiscal 2022, showing an increase by 23.61%. This increase was primarily due to an increase in revenue from operations.

### *Revenues from operations*

Our revenues from operation in the fiscal 2022 were ₹57,551.70 Lakhs, showing an increase of 23.56% over our revenues from operation of ₹46,577.03 Lakhs in the fiscal 2021. The increase in income from corresponding previous year is on account of increase in sales volume coupled with higher price realization.

### *Other Income*

Other income increased substantially by ₹23.15 Lakhs as compared from ₹ 5.90 Lakhs in the fiscal 2021 to ₹ 29.05 Lakhs in the fiscal 2022. Other Income in Fiscal 2022 has increased in comparison to Fiscal 2021 due to increase in interest income.

### *Employee benefit expenses*



Employee benefit expenses in the fiscal 2022 stood at ₹1,799.35 Lakhs, an increase of 14.60% over our employee benefit expenses of ₹1,570.17 Lakhs in the fiscal 2021. Employee benefit expenses increases primarily due to increase in salary and wages across the company.

#### ***Finance costs***

Finance costs showed a slight increase by 5.38% as compared to ₹1,066.68 Lakhs in fiscal 2022 to ₹ 1,012.23 Lakhs in fiscal 2021.

#### ***Depreciation and Amortization Expense***

Our depreciation charge was ₹ 1244.57 Lakhs and ₹ 1221.07 Lakhs for the fiscal 2022 and fiscal 2021 respectively, showing a slight increase by 1.92%.

#### ***Other expenses***

Other expenses increased by ₹ 1,633.72 Lakhs or by 30.54% as compared from ₹ 5,349.90 Lakhs in the fiscal 2021 to ₹ 6,983.62 Lakhs in the fiscal 2022. The increase in other expenses was due to the Selling and Distribution expenses

#### ***Profit/Loss before Tax***

In light of above discussions, our profit before tax in the fiscal 2022 showed a decrease of 59.33% or ₹ 1,359.51 Lakhs as compared from ₹ 2,291.40 Lakhs in the fiscal 2021 to profit before tax of ₹ 931.89 Lakhs in the fiscal 2022.

#### ***Profit/Loss after Tax***

For the various reasons discussed above, and following adjustments for tax expense, our profit after tax in the fiscal 2022 showed a decrease of 74.60% or ₹ 1,613.97 Lakhs as compared from ₹ 2,163.45 Lakhs in the fiscal 2021 to profit after tax of ₹ 549.48 Lakhs in the fiscal 2022.

### **Comparison Fiscal 2021 with Fiscal 2020**

#### ***Revenues***

Our total revenues increased from ₹ 32,607.30 Lakhs in the fiscal 2020 to ₹ 46,582.93 Lakhs in the fiscal 2021, showing an increase by ₹ 13,975.63 Lakhs. This increase was primarily due to an increase in revenue from operations.

#### ***Revenues from Operations***

Our revenues from operation increased by ₹ 13,990.63 Lakhs as compared from ₹ 32,586.40 Lakhs in the fiscal 2020 to ₹ 46,577.03 Lakhs in the fiscal 2021. Such increase in revenue from operations was due to increase in sales volume coupled with higher price realization.

#### ***Other Income***

Other income was ₹5.90 Lakhs in the fiscal 2021 as compared to ₹ 20.90 Lakhs in the fiscal 2020, showing a decrease of ₹ 15.00 Lakhs. Such decrease was due to one-time insurance claim received in FY 2020.

#### ***Employee benefit expenses***

Employee benefit expenses in the fiscal 2021 stood at ₹ 1,570.17 Lakhs, an increase by 9.80% or ₹ 140.21 Lakhs over our employee benefit expenses of ₹ 1,429.97 Lakhs in the fiscal 2020. The increase in Employee costs was due to increase in salaries and incentive paid to employees.

#### ***Finance costs***

Finance costs in the fiscal 2021 stood at ₹ 1,012.23 Lakhs, a slight increase by 1.55% over our finance costs of ₹ 1,027.95 Lakhs in the fiscal 2020. Finance costs relate to interest and other borrowing costs paid by the Company on the credit facilities availed from the Banks/ Financial institutions.

#### ***Depreciation and Amortization Expense***

Our depreciation charge increased by 15.46% as compared from ₹ 1057.55 Lakhs in the fiscal 2020 to ₹ 1221.07 Lakhs for the fiscal 2021. Such increase was due to new projects being capitalized in FY 2021.

#### ***Other expenses***

Other expenses for the fiscal 2021 stood at ₹ 5,349.90 Lakhs as compared to ₹ 4,066.78 Lakhs in the fiscal 2020, showing an increase by ₹ 1,283.13 Lakhs. The rise in other expenses was mainly due to Selling and Distribution expenses.

#### ***Profit/Loss before Tax***

In light of above discussions, there was a substantial increase by ₹ 1,996.88 Lakhs as compared from our profit before tax of ₹ 294.52 Lakhs in the fiscal 2020 to ₹ 2,291.40 Lakhs in the fiscal 2021.

#### ***Profit/Loss after Tax***

For the various reasons discussed above, and following adjustments for tax expense, Profit after tax was substantially increased by ₹1,954.84 Lakhs as compared from our profit before tax of ₹ 208.61 Lakhs in the fiscal 2020 to ₹2,163.45 Lakhs in the fiscal 2021.

### **RELATED PARTY TRANSACTIONS**

For details of our related party transactions, refer “***Restated Financial Statements***” on page 103 in this draft letter of offer.

### **SIGNIFICANT DEVELOPMENTS SINCE LAST BALANCE SHEET DATE**

**After the date of last financial year i.e., March 31, 2022, the following material events have occurred after the last audited period.**

1. The Board of Directors of the Company approved the Rights issue in their meeting held on November 05, 2022.
2. The Company is in the process of shifting its Registered Office from the state of Gujarat to the state of Madhya Pradesh and is awaiting shareholders’ approval through postal ballot notice dated November 05, 2022.
3. Trading approval for listing of 10,82,387 Redeemable Preference Shares from both the Stock Exchanges on 21 Nov 2022 effective from November 23, 2022. This listing was pursuant to the Composite Scheme of Arrangement between Aarti Industries Limited (AIL) and Aarti Surfactants Limited (ASL) and Nascent Chemical Industries Limited (NCIL) and their respective Shareholders.

Except as disclosed above and including under sections titled “***Our Management***”, “***Our Business***”, “***Dividend Policy***” and section titled “***Risk Factors***” beginning on pages 88, 78, 102 and 24 respectively, of this Draft Letter of Offer, to our knowledge no circumstances have arisen since the date of the last financial information disclosed in this Draft Letter of Offer which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

### **INFORMATION REQUIRED AS PER ITEM SCHEDULE VI TO THE SEBI ICDR REGULATIONS:**

1. Unusual or infrequent events or transactions: There have been no such events or transactions that, to our knowledge, may be described as “unusual” or “infrequent”.
2. Significant economic changes: Our Company’s operations are dependent on the general economic conditions and any changes in economic conditions may have an adverse impact on the entire industry and consequently on our operations.
3. Known trends or uncertainties: Except as described in “***Risk Factors***” and “***Management Discussion and Analysis of Financial Condition and Results of Operations***” on page 24 and 164 of this Draft Letter of Offer, our Company believes there are no known trends or uncertainties that are expected to have a material adverse impact on our revenues or income from continuing operations.
4. The extent to increase in net sales or revenues are due to increase in sales volume coupled with higher price realization.
5. New Services or business segments: Other than as described in “***Our Business***” on page 78 of this Draft Letter of Offer, our Company is not planning to introduce any new services or business segments.

6. Business segment in which our Company operates: Speciality Chemicals
7. Seasonality of business: Our business & level of operations are not seasonal in nature. Our business depends upon the market condition.
8. Dependence on single or few clients: Our Company is not dependent of single or few customers. For dependence on single or few clients please refer “***Risk factor - Our top ten customers contribute more than 58%, 55%, 71% of our revenues for the year ended March 31, 2022, March 31, 2021 and March 2020. Any loss of business from one or more of them may adversely affect our revenues and profitability.***” on page 30 of this draft letter of offer.
9. Competitive conditions: For details of competition please refer to section “***Our Business***” on page 78.
10. Total turnover of Company through our operations for the half year ended on September 30, 2022 and for the last three fiscal years are as stated below:

*(₹ in Lakhs)*

Half year ended September 30, 2022	Fiscal 2022	Fiscal 2021	Fiscal 2020
30,989.85	57551.70	46577.03	32586.40



## SECTION VI – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as disclosed in this section, there is no outstanding (i) criminal proceeding; (ii) action taken by regulatory or statutory authorities; (iii) claim related to direct and indirect taxes; and (iv) other pending litigation as determined to be material pursuant to the Materiality Policy in each case involving our Company, our Directors, and our Promoters ("**Relevant Parties**").

Pursuant to the SEBI ICDR Regulations and the Materiality Policy adopted by our Board of Directors on December 7, 2019, for the purposes of disclosure, any pending litigation involving the Relevant Parties, other than criminal proceedings, actions by regulatory authorities and statutory authorities, including outstanding action, and tax matters, would be considered 'material' if the litigations/dispute/regulatory actions will have an impact exceeding 10% of the income or net worth of the Company as per the latest annual audited consolidated financial statements of the Company.

All terms defined in a particular litigation disclosure pertain to that litigation only.

#### I. Litigation involving our Company

##### A. Litigation filed against our Company

##### 1. Criminal proceedings

Nil

##### 2. Outstanding actions by regulatory and statutory authorities

Nil

##### 3. Civil proceedings

Nil

##### B. Litigation filed by our Company

##### 1. Criminal proceedings

Nil

##### 2. Civil proceedings

Nil

##### C. Tax proceedings

(in ₹ lakhs)

Particulars	No. of cases	Amount involved
Direct Tax	Nil	Nil
Indirect Tax	11	910.15
<b>Total</b>	<b>11</b>	<b>910.15</b>

#### II. Litigation involving our Directors

##### A. Litigation filed against our Directors

##### 1. Criminal proceedings

Nil

**2. Civil proceedings**

Nil

**3. Outstanding actions by regulatory and statutory authorities**

Nil

*B. Litigation filed by our Directors*

**1. Criminal proceedings**

Nil

**2. Civil proceedings**

Nil

*C. Tax proceedings*

(in ₹ lakhs)

Particulars	No. of cases	Amount involved
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>

*\*Includes outstanding direct and indirect tax for prior years*

**III. Litigation involving our Promoter**

*A. Litigation filed against our Promoter*

**1. Criminal proceedings**

Nil

**2. Civil proceedings**

Nil

**3. Outstanding actions by regulatory and statutory authorities**

Nil

*B. Litigation filed by our Promoter*

Nil

**1. Criminal proceedings**

Nil

**2. Civil proceedings**

Nil

C. Tax proceedings

(in ₹ lakhs)

Particulars	No. of cases	Amount involved
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>

\*Includes outstanding direct and indirect tax for prior years

IV. Litigation involving our Subsidiary

A. Litigation filed against our Subsidiary

1. Criminal proceedings

Nil

2. Civil proceedings

Nil

3. Outstanding actions by regulatory and statutory authorities

Nil

B. Litigation filed by our Subsidiary

Nil

1. Criminal proceedings

Nil

2. Civil proceedings

Nil

C. Tax proceedings

(in ₹ lakhs)

Particulars	No. of cases	Amount involved
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>

\*Includes outstanding direct and indirect tax for prior years

V. Disclosures Pertaining to Wilful Defaulters or a Fraudulent Borrower

Neither our Company, nor our Promoters and Directors have been categorized or identified as wilful defaulters or fraudulent borrower by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters or fraudulent borrower issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

VI. Material Changes and Commitments



We confirm that other than the disclosures made in the financial statements as appearing in this Letter of Offer, there are no material changes and commitments affecting the financial position of the company.

**VII. Material Developments since the date of the last Audited accounts**

We confirm that other than the disclosures made in the financial statements, as appearing in this Draft Letter of Offer and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 164 of this Draft Letter of Offer, there are no material changes and commitments affecting the financial position of the company.

## GOVERNMENT AND OTHER APPROVALS

Our Company has obtained necessary consents, licenses, permissions and approvals from governmental and regulatory authorities that are material for carrying on our present business activities. Some of the approvals and licenses that our Company requires for our business operations may expire in the ordinary course of business, and our Company will apply for their renewal from time to time.

We are not required to obtain any licenses or approvals from any governmental and regulatory authorities in relation to the objects of this Issue. For further details, please refer to "*Objects of the Issue*" beginning on page 58 of this Draft Letter of Offer.

## **OTHER REGULATORY AND STATUTORY APPROVALS**

### **Authority for the Issue**

The Board, pursuant to its resolution dated November 05, 2022 authorised the Issue under Section 62(1)(a) of the Companies Act, 2013.

Our Board/Rights Issue Committee, in its meeting held on [●] has resolved to issue the Equity Shares on rights basis to the Eligible Equity Shareholders, at ₹[●] per Equity Share (including a premium of ₹[●] per Equity Share) aggregating up to ₹4960.00 Lakhs. The Issue Price is ₹[●] per Equity Share and has been arrived at by our Company in consultation with the Advisor to the Issue prior to determination of the Record Date.

Our Company has received in-principle approvals from BSE and NSE in accordance with Regulation 28(1) of the SEBI Listing Regulations for listing of the Equity Shares to be allotted in this Issue pursuant to their respective letters each dated [●] and [●], respectively. Our Company will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Our Company has been allotted the ISIN [●] for the Rights Entitlements to be credited to the respective demat accounts of the Equity Shareholders of our Company. For details, see "*Terms of the Issue*" beginning on page 183 of this Draft Letter of Offer.

### **Prohibition by SEBI or other Governmental Authorities**

Our Company, our Promoter, our Directors, the members of our Promoter Group and persons in control of our Company have not been prohibited from accessing the capital market or debarred from buying or selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any authority/court as on date of this Draft Letter of Offer.

Further, our Promoter and our Directors are not promoter or director of any other company which is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. None our Directors or Promoter is associated with the securities market in any manner. Further, there is no outstanding action initiated against any of our Directors or Promoters by SEBI in the five years preceding the date of filing of this Draft Letter of Offer.

Neither our Promoter nor our Directors have been declared as fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018 (17 of 2018).

### **Prohibition by RBI**

Neither our Company, nor our Promoter, and Directors have been categorized or identified as wilful defaulters or fraudulent borrowers by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

### **Compliance with Companies (Significant Beneficial Ownership) Rules, 2018**

Our Company, our Promoter and the members of our Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018.

### **Eligibility for the Issue**

Our Company is a listed company, incorporated under Companies Act, 2013. The Equity Shares of our Company are presently listed on BSE and NSE. We are eligible to undertake the Issue in terms of Chapter III of the SEBI ICDR Regulations. Pursuant to Clause 3(b) of Part B of Schedule VI to the SEBI ICDR Regulations, our Company is required to make disclosures in accordance with Part B-1 of Schedule VI to the SEBI ICDR Regulations.



## **Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations**

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company undertakes to make an application to the Stock Exchanges for listing of the Rights Equity Shares to be issued pursuant to the Issue. BSE is the Designated Stock Exchange for the Issue.

## **DISCLAIMER CLAUSE OF SEBI**

**THE PRESENT ISSUE, BEING LESS THAN RS.5,000 LAKHS, OUR COMPANY IS IN COMPLIANCE WITH FIRST PROVISIO TO REGULATION 3 OF THE SEBI ICDR REGULATIONS AND OUR COMPANY SHALL FILE A COPY OF THE DRAFT LETTER OF OFFER PREPARED IN ACCORDANCE WITH THE SEBI (ICDR) REGULATIONS WITH SEBI FOR INFORMATION AND DISSEMINATION ON THE WEBSITE OF SEBI FOR INFORMATIVE PURPOSES.**

## **Disclaimer clauses from our Company and the Lead Manager**

Our Company and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in this Issue will be deemed to have represented by our Company and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and are relying on independent advice / evaluation as to their ability and quantum of investment in this Issue.

## **CAUTION**

Our Company and the Lead Manager shall make all information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Rights Equity Shares and rights to purchase the Rights Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Draft Letter of Offer is current only as of its date.

Our Company, the Lead Manager and its directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any Applicant on whether such Applicant is eligible to acquire any Rights Equity Shares. The Lead Manager and their respective affiliates may engage in transactions with and perform services for our Company or affiliates in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Company or affiliates, for which they have received and may in the future receive, compensation.

## **Disclaimer in respect of Jurisdiction**

This Draft Letter of Offer has been prepared under the provisions of Indian law and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

## **Designated Stock Exchange**

The Designated Stock Exchange for the purpose of the Issue is BSE.

### **Disclaimer Clause of the BSE**

As required, a copy of this Draft Letter of Offer has been submitted to BSE. The disclaimer clause as intimated by BSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with SEBI and the Stock Exchanges.

### **Disclaimer Clause of NSE**

As required, a copy of this Draft Letter of Offer has been submitted to NSE. The disclaimer clause as intimated by NSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with SEBI and the Stock Exchanges.

### **Listing**

Our Company will apply to BSE and NSE for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

### **Selling Restrictions**

This Draft Letter of Offer is solely for the use of the person who has received it from our Company or from the Registrar. This Draft Letter of Offer is not to be reproduced or distributed to any other person.

The distribution of this Draft Letter of Offer, Abridged Letter of Offer, Application Form, the Rights Entitlement Letter and the issue of Rights Entitlements and Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, Abridged Letter of Offer, Application Form and the Rights Entitlement Letter may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer Application Form and the Rights Entitlement Letter only to Eligible Equity Shareholders who have provided an Indian address to our Company.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer or any other material relating to our Company, the Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Draft Letter of Offer has been filed with SEBI and the Stock Exchanges.

Accordingly, the Rights Entitlement or Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer or any offering materials or advertisements in connection with the Issue or Rights Entitlement may not be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Draft Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. If this Draft Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlement referred to in this Draft Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create

any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information. Each person who exercises Rights Entitlements and subscribes for Equity Shares, or who purchases Rights Entitlements or Equity Shares shall do so in accordance with the restrictions set out below.

#### **NO OFFER IN THE UNITED STATES**

**THE RIGHTS ENTITLEMENTS AND THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND EQUITY SHARES REFERRED TO IN THE LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THE LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.**

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. Envelopes containing an Application Form should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Draft Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and this Draft Letter of Offer, Letter of Offer/ Abridged Letter of Offer, Application Form and the Rights Entitlement Letter will be dispatched to the Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires the Rights Entitlements and the Equity Shares will be deemed to have declared, represented, warranted and agreed, by accepting the delivery of the Letter of Offer, (i) that it is not and that, at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made; and (ii) is authorised to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws, rules and regulations.

Our Company reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States of America; (ii) does not include the relevant certification set out in the Application Form headed "Overseas Shareholders" to the effect that the person accepting and/or renouncing the Application Form does not have a registered address (and is not otherwise located) in the United States, and such person is complying with laws of the jurisdictions applicable to such person in connection with the Issue, among others; (iii) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; or (iv) where a registered Indian address is not provided, and our Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such Application Form.

None of the Rights Entitlements or the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities laws in the United States. Accordingly, the Rights Entitlements and Equity Shares are being offered and sold only outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales are made.

#### **NO OFFER IN ANY JURISDICTION OUTSIDE INDIA**

**NO OFFER OR INVITATION TO PURCHASE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES IS BEING MADE IN ANY JURISDICTION OUTSIDE OF INDIA, INCLUDING, BUT NOT LIMITED TO AUSTRALIA, BAHRAIN, CANADA, THE EUROPEAN ECONOMIC AREA,**



**GHANA, HONG KONG, INDONESIA, JAPAN, KENYA, KUWAIT, MALAYSIA, NEW ZEALAND, SULTANATE OF OMAN, PEOPLE'S REPUBLIC OF CHINA, QATAR, SINGAPORE, SOUTH AFRICA, SWITZERLAND, THAILAND, THE UNITED ARAB EMIRATES, THE UNITED KINGDOM AND THE UNITED STATES. THE OFFERING TO WHICH THIS DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN ANY JURISDICTION OUTSIDE INDIA OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THIS DRAFT LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO ANY OTHER JURISDICTION AT ANY TIME.**

### **Consents**

Consents in writing of: our Directors, the Registrar to the Issue and the Bankers to the Issue/ Refund Bank to act in their respective capacities, have been obtained and such consents have not been withdrawn up to the date of this Draft Letter of Offer.

### **Expert**

Our Company has received written consent dated November 25, 2022 from the Statutory Auditors, M/s Gokhale & Sathe, Chartered Accountants to include their name as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations in this Draft Letter of Offer as an “expert” as defined under Section 2(38) of the Companies Act 2013 to the extent and in its capacity as an independent Statutory Auditor and in respect of its (i) examination report dated November 25, 2022 on our Restated Standalone Financial Information for the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020; ii) examination report dated November 25, 2022 on our Restated Consolidated Financial Information for the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020; and (iii) the statement of tax benefits dated December 02, 2022 in this Draft Letter of Offer and we also received consent from Priyanka Shah, Cost Accountant in respect of issue of Certificate for Capacity and Capacity Utilization and such consent has not been withdrawn as on the date of this Draft Letter of Offer. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act, 1933.

Except for the abovementioned documents, provided by our Auditors and Cost Accountant, our Company has not obtained any expert opinions.

### **Performance vis-à-vis objects – Public/Rights Issue of our Company**

Our Company has not made any rights issues or public issues during the five years immediately preceding the date of this Draft Letter of Offer. There have been no instances in the past, wherein our Company has failed to achieve the objects in its previous issues.

### **Performance vis-à-vis objects – Last issue of listed Subsidiaries or Associates**

Our Company does not have any listed Subsidiary or Associates as on the date of this Draft Letter of Offer.

### **Stock Market Data of the Equity Shares**

Our Equity Shares are listed on BSE and NSE. Our Equity Shares are traded on BSE and NSE. For details in connection with the stock market data of the Stock Exchanges, please refer to the chapter titled “**Stock Market Data for Equity Shares**” beginning on page 161 of this Draft Letter of Offer.

### **Filing**

SEBI vide the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3(b) of the SEBI ICDR Regulations has been increased from Rupees one thousand lakhs to Rupees five thousand lakhs. Since the size of this Issue falls below this threshold, the Draft

Letter of Offer was filed with the Stock Exchanges and not with SEBI. However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the Stock Exchanges.

### **Mechanism for Redressal of Investor Grievances**

Our Company has adequate arrangements for redressal of investor grievances in compliance with the SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of Shareholders in relation to transfer of shares and effective exercise of voting rights. Link Intime India Private Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

Investor complaints received by our Company are typically disposed of within 15 days from the receipt of the complaint.

**Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e mail address of the sole/ first holder, folio number or demat account number, number of Equity Shares applied for, amount blocked (in case of ASBA process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process). For details on the ASBA process, see “Terms of the Issue” beginning on page 183 of this Draft Letter of Offer. The contact details of Registrar to the Issue and our Company Secretary and Compliance Officer are as follows:**

**Registrar to the Company:**

**Link Intime India Pvt. Ltd**

C 101, 1st floor, 247 Park, L.B.S. Marg,  
Vikhroli (West), Mumbai – 400083, Maharashtra, India

**Tel No: + 91 81081 14949**

**E-mail: [aartisurfactants.rights@linkintime.co.in](mailto:aartisurfactants.rights@linkintime.co.in)**

**Contact Person: Sumeet Deshpande**

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

**SEBI Registration No.: INR000004058**

Investors may contact the Company Secretary and Compliance Officer at the below mentioned address for any pre-Issue/ post-Issue related matters such as non-receipt of Letters of Allotment / share certificates/ demat credit/Refund Orders etc.

Priyanka Chaurasia, Company Secretary and Compliance Officer of our Company. Her contact details are set forth hereunder:

**Tel No.: +91 22 6797 6666**

**Email: [investors@aarti-surfactants.com](mailto:investors@aarti-surfactants.com)**

## SECTION VII - ISSUE INFORMATION

### TERMS OF THE ISSUE

*This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this draft Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Relaxation Circulars, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this Draft Letter of Offer.*

*Please note that in accordance with the provisions of the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 (“SEBI – Rights Issue Circular”), all investors (including renouncee) shall make an application for a rights issue only through ASBA facility.*

*This Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations and the guidelines, notifications, circulars and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice.*

#### **I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS**

In accordance with the SEBI ICDR Regulations, the SEBI Relaxation Circulars, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Investors can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Equity Shares under applicable laws) on the websites of:

- our Company at [www.aarti-surfactants.com](http://www.aarti-surfactants.com)
- the Registrar to the Issue at <https://linkintime.co.in/>
- the Lead Managers at <https://www.fedsec.in/>
- the Stock Exchanges at <https://www.bseindia.com/> and <https://www.nseindia.com/>

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar to the issue at <https://linkintime.co.in/> by entering their DP ID and Client ID or Folio Number (for



Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company at [www.aarti-surfactants.com](http://www.aarti-surfactants.com).

**Further, our Company will undertake all adequate steps to reach out to the Eligible Equity Shareholders by other means if feasible in the current COVID-19 situation. However, please note that neither our Company nor the Registrar nor the Lead Managers shall be responsible for non- dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e- mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.**

The distribution of the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer has been filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations. If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who acquires Rights Entitlements or makes and Application will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, that it is entitled to subscribe for the Equity Shares under the laws of any jurisdiction which apply to such person.

## **II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE**

In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI Rights Issue Circulars and the ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use ASBA. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.

The Application Form can be used by the Eligible Equity Shareholders as well as the Renounees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see *“Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders”* beginning on page 195 of this Draft Letter of Offer.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the

demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may apply for the Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts maintained with the SCSB. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

Please note that subject to SCSBs complying with the requirements of SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs.

Further, in terms of the SEBI Circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

**Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details see “Grounds for Technical Rejection” on page 199 of this Draft Letter of Offer. Our Company, the Lead Managers and the Registrar shall not be liable for any incomplete or incorrect demat details provided by the Applicants.**

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “*Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” beginning on page 193 of this Draft Letter of Offer.

### **Options available to the Eligible Equity Shareholders**

Details of each Eligible Equity Shareholders RE will be sent to the Eligible Equity shareholder separately along with the Application Form and would also be available on the website of the Registrar to the Issue at [www.linkintime.co.in](http://www.linkintime.co.in) and link of the same would also be available on the website of our Company at ( [www.aarti-surfactants.com](http://www.aarti-surfactants.com) )

Respective Eligible Equity Shareholder can check their entitlement by keying their requisite details therein.

- i. The Eligible Equity Shareholders will have the option to apply for its Equity Shares to the full extent of its Rights Entitlements; or
- ii. apply for its Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part);  
or

- iii. apply for Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
- iv. apply for its Equity Shares to the full extent of its Rights Entitlements and apply for a Additional Rights Shares; or
- v. renounce its Rights Entitlements in full.

#### **A. Procedure for application through ASBA Facility**

An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form to the Designated Branches of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form, or have otherwise provided an authorisation to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

#### ***Self-Certified Syndicate Banks***

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>.

For details on Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link.

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

Our Company, its directors, its employees, affiliates, associates and their respective directors and officers, Lead Managers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.  
Acceptance of this Issue

Investors may accept this Issue and apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Applications submitted to anyone other than the Designated Branches of the SCSB are liable to be rejected

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the section “Application on Plain Paper under ASBA process”



## **B. Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form**

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

*Resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:*

1. The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by email, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date.
2. The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
3. The remaining procedure for Application shall be same as set out in ***“Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process”*** beginning on page 193 of this Draft Letter of Offer.

In accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of REs not later than two working days prior to issue closing date, such that credit of REs in their demat account takes place at least one day before issue closing date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for Additional Rights Shares while submitting the Application through ASBA process.

**PLEASE NOTE THAT THE ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.**

***Application for Additional Rights Shares***

Investors are eligible to apply for Additional Rights Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of Additional Rights Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for Additional Rights Shares shall be considered and Allotment shall be made in accordance with the applicable Regulations and in the manner as set out in “*Basis of Allotment*” beginning on page 211 of this Draft Letter of Offer.

**Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for Additional Rights Shares.** Non-resident Renounees who are not Eligible Equity Shareholders cannot apply for Additional Rights Shares.

***General instructions for Investors in relation to making of an Application***

- a) Please read the Letter of Offer carefully to understand the Application process and applicable settlement process.
- b) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
- c) In accordance with the SEBI Rights Issue Circulars, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, shall not be eligible to make an Application for Rights Equity Shares against their Rights Entitlements with respect to the equity shares held in physical form.
- d) The Application Form can be used by both the Eligible Equity Shareholders and the Renounees.
- e) Application should be made only through the ASBA facility or using.
- f) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section “***Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process***” on page 193 of this Draft Letter of Offer.
- g) Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.
- h) Applications should not be submitted to the Banker(s) to the Issue or Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar or the Lead Managers.
- i) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.

- j) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation (“**Demographic Details**”) are updated, true and correct, in all respects. Investors applying under this Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under this Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. **The Allotment Advice and the e-mail intimating unblocking of ASBA Account or refund (if any) would be e-mailed to the address of the Investor as per the e-mail address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Managers shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.**
- k) By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
- l) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.

Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange

- m) Investors should provide correct DP ID and Client ID/ Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) while submitting the Application. Such DP ID and Client ID/ Folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Managers, SCSBs or the Registrar will not be liable for any such rejections.
- n) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant’s name and all communication will be addressed to the first Applicant.
- o) All communication in connection with Application for the Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.



- p) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section “***Application on Plain Paper under ASBA process***” on page 193 of this Draft Letter of Offer.
- q) In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.
- r) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Furthermore. Cash payment or payment by cheque or demand or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process. In case payment is made in contravention of this, the Application will be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.
- s) Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, Applications made through ASBA facility may be submitted at the Designated Branches of the SCSBs. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.
- t) By signing the Application Forms, Investors would be deemed to have authorized the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

**Additional general instructions for Investors in relation to making of an Application**

- u) Investors are required to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
- v) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- w) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- x) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- y) Do not pay the Application Money in cash, by money order, pay order or postal order.
- z) Do not submit multiple Applications.
- aa) No investment under the FDI route (i.e., any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Managers and our Company will not be responsible for any allotments made by relying on such approvals.
- bb) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

**Do's for Investors applying through ASBA:**

- a) Ensure that the necessary details are filled in the Application Form including the details of the ASBA Account.
- b) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be Allotted in the dematerialized form only.
- c) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- d) Ensure that there are sufficient funds (equal to {number of Equity Shares (including additional Equity Shares) applied for} X {Application Money of Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
- e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.
- f) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- g) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
- h) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

#### **Don'ts for Investors applying through ASBA:**

- a) Don't apply if you are not eligible to participate in the issue under the securities laws applicable to your jurisdiction.
- b) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- c) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.
- d) Do not send your physical Application to the Lead Managers, the Registrar, the Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
- e) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.
- f) Do not submit Application Form using third party ASBA account
- g) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- h) Do not pay the Application Money in cash, by money **order, pay order or postal order.**

#### **Grounds for Technical Rejection**

Applications made in this Issue are liable to be rejected on the following grounds:

- (a) DP ID and Client ID mentioned in Application not matching with the DP ID and Client ID records available with the Registrar.
- (b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.
- (c) Sending an Application to the Lead Manager, Registrar, Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB or our Company.
- (d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.

- (e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
- (f) Account holder not signing the Application or declaration mentioned therein.
- (g) Submission of more than one application Form for Rights Entitlements available in a particular demat account.
- (h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- (i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
- (j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- (k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- (l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and the Letter of Offer.
- (m) Physical Application Forms not duly signed by the sole or joint Investors.
- (n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- (o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
- (p) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- (q) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than from persons in the United States who are U.S. QIBs and QPs) or other jurisdictions where the offer and sale of the Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) both a U.S. QIB and a QP, if in the United States or a U.S. Person or (b) outside the United States and is a non-U.S. Person, and in each case such person is eligible to subscribe for the Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form.
- (r) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- (s) Application from Investors that are residing in U.S. address as per the depository records (other than from persons in the United States who are U.S. QIBs and QPs).

**IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS, TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR**

**DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.**

Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. By signing the Application Forms, the Investors would be deemed to have authorized the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs or the Registrar shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Application Forms are liable to be rejected.

### **Multiple Applications**

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further supplementary Applications in relation to further Equity Shares with/without using Additional Rights Shares will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see *"Procedure for Applications by Mutual Funds"* on page 208 of this Draft Letter of Offer.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications, such Applications shall be treated as multiple applications and are liable to be rejected.

### **C. Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process**



An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through e-mail or physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, Stock Exchanges or the Lead Managers. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address or is a U.S. Person or in the United States.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

The envelope should be super scribed “Aarti Surfactants Limited – Rights Issue” and should be postmarked in India. The application on plain paper, duly signed by the Eligible Equity Shareholders including joint holders, in the same order and as per the specimen recorded with our Company/Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being Aarti Surfactants Limited;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Folio Number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP and Client ID;
4. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to this Issue Documentary evidence for exemption to be provided by the applicants;
5. Number of Equity Shares held as on Record Date;
6. Allotment option – only dematerialised form;
7. Number of Equity Shares entitled to;
8. Number of Equity Shares applied for within the Rights Entitlements;
9. Number of Additional Rights Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
10. Total number of Equity Shares applied for;
11. Total amount paid at the rate of ₹ 10 per Equity Share;
12. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;
13. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and
16. All such Eligible Equity Shareholders are deemed to have accepted the following:

*“I/ We understand that neither the Rights Entitlements nor the Equity Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States”), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. I/ we understand the Equity Shares referred to in this application are being offered and sold (i) in offshore transactions outside the United States in compliance with Regulation S under the U.S. Securities Act (“Regulation S”) to existing shareholders who are non-U.S. Persons and located in jurisdictions where such offer and sale of the Equity Shares is permitted under laws of such*

jurisdictions and (ii) within the United States or to U.S. Persons that are “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act) (“U.S. QIB”) pursuant to the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act, that are also “qualified purchasers” (as defined under the United States Investment Company Act of 1940, as amended) (“QPs”) in reliance upon section 3(c)(7) of the U.S. Investment Company Act. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and a non-U.S. Person and eligible to subscribe for the Equity Shares under applicable securities laws, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar, the Lead Managers or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Managers or any other person acting on behalf of the Company have reason to believe is in the United States or is outside of India and ineligible to participate in this Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

I/ We understand and agree that the Rights Entitlements and Equity Shares may not be reoffered, resold, pledged or otherwise except in an offshore transaction in accordance with Regulation S or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement, and/or the Equity Shares, is/are outside the United States or a Qualified Institutional Buyer (as defined in the US Securities Act), and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S or in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act.

*I/ We acknowledge that we, the Lead Managers, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”*

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, as applicable, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Managers and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at <https://linkintime.co.in/>

Our Company, the Lead Managers and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors’ ASBA Accounts on or before the Issue Closing Date.

#### **D. Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders:**

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., <https://linkintime.co.in/>) by entering their DP ID and Client ID or Folio Number (for Eligible

Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e., [www.aarti-surfactants.com](http://www.aarti-surfactants.com) ).

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares under dispute, including any court proceedings, as applicable g) non-institutional equity shareholders in the United States.

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is INE [●]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Equity Shares offered under Rights Issue for subscribing to the Equity Shares offered under Issue

If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e <https://linkintime.co.in/>). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., by [●] to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also

requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer.

## **E. Renunciation & Trading of the Rights Entitlements**

### **Trading of Rights Entitlements**

Pursuant to Sebi Circular SEBI/HO/CFD/SSEP/CIR/P/2022/66 the requirement regarding minimum time period between closure of trading in Right Entitlements on stock exchange platform and closure of the rights issue, which requires trading in REs on the secondary market platform of stock exchanges commence along with the opening of the rights issue has been changed to 3 working days prior to the closure of right issue.

### **Renounees**

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renounee(s) as well.

### **Renunciation of Rights Entitlements**

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchange or through an off-market transfer.

### **Procedure for Renunciation of Rights Entitlements**

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchange; or (b) through an off - market transfer, during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation.

In accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of REs not later than two working days prior to issue closing date, such that credit of REs in their demat account takes place at least one day before issue closing date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation. Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements. Our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

**The Lead Managers and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.**

#### **a. On Market Renunciation**



The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock-broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchange under ISIN INE[●] subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchange for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is one Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●] to [●] (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN INE[●] and indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

#### **b. Off Market Renunciation**

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date to enable Renounees to subscribe to the Equity Shares in the Issue.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN INE[●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

***Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.***

### **Basis for this Issue**

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the dematerialized form and on the register of members of our Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date i.e. [●].

### **Terms of Payment**

*(Amount in ₹)*

<b>Amount Payable per Right Equity Share</b>	<b>Face Value</b>	<b>Premium</b>	<b>Total</b>
On Application	[●]	[●]	[●]
On One or more subsequent Call(s) as determined by our Board at its sole discretion, from time to time*	[●]	[●]	[●]
<b>Total</b>	[●]	[●]	[●]

### **Fractional Entitlements**

The Rights Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held as on the Record Date. As per SEBI Rights Issue Circular, the fractional entitlements are to be ignored. Accordingly, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or is not in the multiple of [●] Equity Shares, the fractional entitlements of such Eligible Equity Shareholders shall be ignored by rounding down of their Rights Entitlements. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the Allotment of one Additional Rights Equity Share if they apply for Additional Rights Equity Shares over and above their Rights Entitlements, if any, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

For example, if an Eligible Equity Shareholder holds [●] Equity Shares, such Equity Shareholder will be entitled to [●] Rights Equity Shares and will also be given a preferential consideration for the Allotment of one Additional Rights Equity Share if such Eligible Equity Shareholder has applied for Additional Rights Equity Shares, over and above his/her/ their Rights Entitlements, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than [●] Equity Shares shall have 'zero' entitlement for the Rights Equity Shares. Such Eligible Equity Shareholders are entitled to apply for Additional Rights Equity Shares and will be given preference in the Allotment of one Rights Equity Share, if such Eligible Equity Shareholders apply for Additional Rights Equity Shares, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for. However, they cannot renounce the same in favour of third parties.

### **Mode of payment of dividend**

In the event of declaration of dividend, our Company shall pay dividend to the Eligible Equity Shareholders as per the provisions of the Companies Act and the provisions of the Articles of Association.

### **Ranking**

The Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Equity Shares to be issued and Allotted under this Issue shall rank pari-passu with the existing Equity Shares, in all respects including dividends.

### **Listing and trading of the Equity Shares to be issued pursuant to this Issue**

As per the SEBI – Rights Issue Circular, the Rights Entitlements with a separate ISIN would be credited to the demat account of the respective Eligible Equity Shareholders before the issue opening date. On the Issue Closing date the depositories will suspend the ISIN of REs for transfer and once the allotment is done post the basis of allotment approved by the designated stock exchange, the separate ISIN no. [●] for REs so obtained will be permanently deactivated from the depository system.

Subject to receipt of the listing and trading approvals, the Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations. Our Company has received In-Principle approval from the BSE through letter bearing reference number [●] dated [●] and from the NSE through letter bearing reference number [●] dated [●]. Our Company will apply to the Stock Exchanges for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip code: 543210) and NSE (NSE Symbol: AARTISURF ) under the ISIN: INE09EO01013. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within seven days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Equity Shares, and if any such money is not refunded/ unblocked within eight days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

## **Subscription to this Issue by our Promoters and members of the Promoter Group**

Pursuant to the letter dated December 09, 2022, our Promoters and members of the Promoter Group, has undertaken that they will (a) subscribe, jointly and / or severally to the extent of our Rights Entitlements; (b) subscribe to the extent of any Rights Entitlement that may be renounced in our favour by any other Promoters or Member(s) of the Promoter Group of our Company and shall not renounce right entitlement to any other person excluding the Promoters or Member(s) of the Promoter Group of our Company; (c) subscribe to, either individually or jointly and / or severally with any other Promoters or Member(s) of the Promoter Group, for additional Rights Equity Shares over and above their entitlement, including subscribing to the unsubscribed portion (if any) in this Issue.

The aforementioned subscription of Rights Equity Shares and Additional Rights Shares by our Promoter, if allotted shall not result in a change of control of the management of our Company and shall not result in an obligation on our Promoter to make an open offer to the public shareholders of our Company in terms of the SEBI Takeover Regulations. Further, as on the date of this Letter of Offer, our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under applicable laws, pursuant to this Issue.

### **Compliance with SEBI (ICDR) Regulations**

Our Company shall comply with the applicable provisions of the SEBI (ICDR) Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

### **Rights of Holders of Equity Shares of our Company**

Subject to applicable laws, Shareholders who have been Allotted Equity Shares pursuant to the Issue shall have the following rights:

- a. The right to receive dividend, if declared;
- b. The right to receive surplus on liquidation;
- c. The right to receive offers for rights shares and be allotted bonus shares, if announced;
- d. The right to free transferability of Equity Shares;
- e. The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed in the Letter of Offer; and
- f. Such other rights as may be available to a shareholder of a listed public Company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

### **General Terms of The Issue**

#### **Market Lot**

The Rights Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Rights Equity Shares in dematerialised mode is one Equity Share. Further, the Rights Equity Shares shall be allotted only in dematerialised form.

#### **Joint Holders**

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Equity Shares offered in this Issue.



## **Nomination**

Nomination facility is available in respect of the Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014. An Investor can nominate any person by filling the relevant details in the Application Form in the space provided for this purpose.

**Since the Allotment of Rights Equity Shares shall be in dematerialised form, there is no need to make a separate nomination for the Rights Equity Shares to be allotted in this Issue. Nominations registered with the respective Depository Participants (“DPs”) of the Eligible Equity Shareholders (Investors) would prevail. Any Eligible Equity Shareholders (Investor) holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its respective Depository Participant.**

## **Arrangements for Disposal of Odd Lots**

The Rights Equity Shares will be traded in dematerialised form only and therefore the marketable lot is one Rights Equity Share and hence, no arrangements for disposal of odd lots are required.

## **Notices**

In accordance with the SEBI ICDR Regulations and the SEBI Relaxation Circulars, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them. However, the Letter of Offer Abridged Letter of Offer, Application Form and other applicable Issue materials will be made available on the websites of the Company, registrar to the issue, stock exchanges and the lead manager to the issue. Further, best efforts will be made to reach out the Eligible Equity Shareholders who have not registered their e-mail id with our Company including but not limited to sending SMS or audio-visual advertisement on television or digital advertisement, etc. All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one Marathi language daily newspaper with wide circulation (Marathi being the regional language of Mumbai, where our Registered Office is situated).

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 and SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI Circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, our Company will make use of advertisements in television channels, radio, internet etc., including in the form of crawlers/ tickets, to disseminate information relating to the Application process in India. The Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

The Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

## **Offer to Non-Resident Eligible Equity Shareholders/Investors**

As per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue Rights Equity Shares to non-resident Equity Shareholders including Additional Rights Equity Shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at email [aartisurfactants.rights@linkintime.co.in](mailto:aartisurfactants.rights@linkintime.co.in) or physically/postal means at the address of the Registrar mentioned on the cover page of this Draft Letter of Offer. It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Lead Managers and our Company will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent to the email address of non-resident Eligible Equity Shareholders who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Equity Shares may be permitted under laws of such jurisdictions. Eligible Equity Shareholders can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Managers and the Stock Exchanges. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Equity Shares are issued on rights basis.

In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Managers.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc. at the office of the registrar to the issue at C-101, 247 Park, Lal Bahadur Shastri Rd, Surya Nagar, Gandhi Nagar, Vikhroli West, Mumbai, Maharashtra 400083 or e-mail at [aartisurfactants.rights@linkintime.co.in](mailto:aartisurfactants.rights@linkintime.co.in) .

### **ALLOTMENT OF THE EQUITY SHARES IN DEMATERIALIZED FORM**

**PLEASE NOTE THAT THE EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE “ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” ON PAGE 213.**

## ISSUE SCHEDULE

Issue Opening Date	[•]
Last date for on-market renunciation of rights / Date of closure of trading of Rights Entitlement <sup>#</sup>	[•]
Issue Closing Date*	[•]
Finalising the basis of allotment with the Designated Stock Exchange (on or about)	[•]
Date of Allotment (on or about)	[•]
Date of credit (on or about)	[•]
Date of listing (on or about)	[•]

*# Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

*\*Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., [•] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., [•].

## PROCEDURE FOR APPLICATION

### How to Apply

**In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or the optional mechanism.**

For details of procedure for application by the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date i.e. [•], see ***“Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form”*** on page 187 of this Draft Letter of Offer.

**Our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.**

### Application Form

The Application Form for the Rights Equity Shares offered as part of this Issue would be sent to email address of the Eligible Equity Shareholders who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.

The Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email at least three days before the Issue Opening Date. In case of non-resident Eligible Equity Shareholders, the Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email-to-email address if they have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdiction.

Further, our Company along with the Lead Manager will undertake all adequate steps to reach out the Eligible Equity Shareholders by other means if feasible in the current COVID-19 situation. However, our Company, Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Issue Materials and the Application Form. However, the Letter of Offer, Abridged Letter of Offer, Application Form and other applicable Issue materials will be made available on the websites of the Company, registrar to the issue, stock exchanges and the lead manager to the issue. Further, best efforts will be made to reach out the Eligible Equity Shareholders who have not registered their e-mail id with our Company including but not limited to sending SMS or audio-visual advertisement on television or digital advertisement, etc.

**Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.**

The Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar( <https://linkintime.co.in/> )by entering their DP ID and Client ID or Folio Number (in case of resident Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company ([www.aarti-surfactants.com](http://www.aarti-surfactants.com)).

The Application Form can be used by the Investors, Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlements credited in their respective demat accounts or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date i.e. [●] and applying in this Issue, as applicable.

In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may accept this Issue and apply for the Rights Equity Shares (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts and make online payment using the internet banking or UPI facility from their own bank account thereat. Please note that Applications made with payment using third party bank accounts are liable to be rejected.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein, the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

**Please note that Applications without depository account details shall be treated as incomplete and shall be rejected**



**Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Incorrect depository account details or PAN number could lead to rejection of the Application. For details see “*Grounds for Technical Rejection*” on page 199 of this Draft Letter of Offer. Our Company, the Lead Manager, the Registrar and the SCSB shall not be liable for any incorrect demat details provided by the Applicants.**

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “*Application on Plain Paper under ASBA process*” on page 193 of this Draft Letter of Offer.

### **Procedure for Application through the ASBA process**

Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form, or have otherwise provided an authorization to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

### **Applications by Overseas Corporate Bodies**

By virtue of the Circular No. 14 dated September 16, 2003, issued by the RBI, Overseas Corporate Bodies (“OCBs”), have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to OCBs) Regulations, 2003.

Accordingly, the existing Eligible Equity Shareholders of our Company who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of Renounee shall not be able to renounce the same (whether for consideration or otherwise), in favour of OCB(s). The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003, that OCBs which are incorporated and are not and were not at any time subject to any adverse notice from the RBI, are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000, under the foreign direct investment scheme with the prior approval of Government of India if the investment is through the government approval route and with the prior approval of RBI if the investment is through automatic route on case by case basis. Eligible Equity Shareholders renouncing their rights in favour of such OCBs may do so provided such Renounee obtains a prior approval from the RBI. On submission of such RBI approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the Application Form.

### **Investment / Procedure for applications by FPIs**

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, i.e., the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-

classified as FDI subject to the conditions as specified by SEBI and RBI in this regard and our Company and the investor will also be required to comply with applicable reporting requirements.

Further, pursuant to the FEMA Rules the investments made by a SEBI registered FPI in a listed Indian company will be reclassified as FDI if the total shareholding of such FPI increases to more than 10% of the total paid-up equity share capital on a fully diluted basis or 10% or more of the paid up value of each series of debentures or preference shares or warrants.

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iii) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

- a. such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
- b. prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

No investment under the FDI route will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval.

### **Investment by Systemically Important Non-Banking Financial Companies (NBFC – SI)**

In case of an application made by Systemically Important NBFCs registered with the RBI, (a) the certificate of registration issued by the RBI under Section 45 – IA of the RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

### **Investment by AIFs, FVCIs, VCFs and FDI Route**

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Further, venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such

AIFs are located are mandatorily required to make use of the ASBA. Otherwise, applications of such AIFs are liable for rejection.

No investment under the FDI route (i.e., any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Managers and our Company will not be responsible for any allotments made by relying on such approvals

### **Applications by mutual funds**

Applications made by asset management companies or custodians of Mutual Funds should clearly and specifically state names of the concerned schemes for which such Applications are made. In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights

### **Procedure for Applications by non-resident Indians (NRIs)**

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India ("OCI") may purchase or sell capital instruments of a listed Indian Company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian Company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian Company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been recently amended to state that all investments by entities incorporate in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country ("Restricted Investors"), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

### **Payment by stock invest**

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest Scheme has been withdrawn. Hence, payment through stock investMENT would not be accepted in this Issue.

### **Last Date for Application**

The last date for submission of the duly filled in Application Form is the Issue Closing Date i.e., [●]. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the provisions of the Articles of Association, and subject to the Issue Period not exceeding 30 days from the Issue Opening Date i.e. [●]

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as provided under the section, “*Basis of Allotment*” on page 211 of this Draft Letter of Offer.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges or such extended time as permitted by the Stock Exchanges.

### **Withdrawal of Application**

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period (before Issue Closing) by approaching the SCSB where application is submitted. However, no Investor, whether applying through ASBA facility, may **withdraw their Application post the Issue Closing Date.**

### **Disposal of Application and Application Money**

**No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form to the Eligible Equity Shareholders upon submission of the Application.**

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 4 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

### **Modes of Payment**

All payments against the Application Forms shall be made only through the ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

In case of Application through the ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor’s ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form, does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in the Letter of Offer.



After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date subject to necessary confirmation from the regulatory authority and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

#### *For Resident Investors*

All payments on the Application Forms shall be made only through ASBA. Applicants are requested to strictly adhere to these instructions.

#### *For Non-Resident Investors*

As regards Applications by Non-Resident Investors, the following conditions shall apply:

- Individual non-resident Indian Applicants who are permitted to subscribe to Rights Equity Shares by applicable local securities laws can obtain Application Forms on the websites of the Registrar, our Company or the Lead Manager.

*Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form shall be sent to their email addresses if they have provided their Indian address to our Company or if they are located in certain jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case, who make a request in this regard. Non-Resident Investors shall send their Right Entitlement credit request with ID proof to the Registrar to the Issue at [aartisurfactants.rights@linkintime.co.in](mailto:aartisurfactants.rights@linkintime.co.in)*

- Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
- Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI.
- Eligible Non-Resident Equity Shareholders applying on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External ("NRE") accounts, or Foreign Currency Non-Resident ("FCNR") Accounts, and Eligible Non-Resident Equity Shareholders applying on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary ("NRO") accounts for the full amount payable, at the time of the submission of the Application Form to the SCSB. Applications received from NRIs and non-residents for allotment of the Rights Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of refund of Application Money, allotment of Rights Equity Shares and issue of letter of allotment. If an NR or NRI Investors has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application Form
- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act. In case Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India. Non-resident Renounees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Equity Shares in the Issue

**PLEASE NOTE THAT NON-RESIDENT ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE I.E. [●] AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.**

### **Basis of Allotment**

Subject to the provisions contained in the Draft Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter, the Articles of Association of our Company and the approval of the Designated Stock Exchange, our Board will proceed to allot the Rights Equity Shares in the following order of priority:

- (a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part as adjusted for fractional entitlement.
- (b) As per SEBI Rights Issue Circulars, whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
- (c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for Additional Rights Equity Shares. The Allotment of such Additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- (d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- (e) Allotment to any other person, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Designated Branches or Controlling branches, a list of the ASBA Investors who have been Allotted Rights Equity Shares in the Issue, along with:

- (a) The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA Application;
- (b) The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- (c) The details of rejected ASBA Applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

### **Allotment Advices/Refund Orders/Unblocking of ASBA Accounts**

Our Company will send/ dispatch Allotment advice, refund instructions/intimations (including in respect of Applications made through the optional facility) or demat credit of securities and/or letters of regret, along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of 4 days from the Issue Closing Date. In case of failure to do so, our Company and “our Directors” who are officers in default shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 4 days’ period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through an e-mail, to the e-mail address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for Additional Rights Shares in the Issue and is Allotted a lesser number of Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

In case of those investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, the Allotment advice regarding their credit of the Rights Equity Shares shall be sent at the address recorded with the Depository. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 4 days of the Issue Closing Date i.e. [●].

The letter of allotment or refund order would be sent by registered post or speed post to the sole/ first Investor’s address provided by the Eligible Equity Shareholders to our Company. Such refund orders would be payable at par at all places where the Applications were originally accepted. The same would be marked ‘Account Payee only’ and would be drawn in favor of the sole/ first Investor. Adequate funds would be made available to the Registrar for this purpose.

### **Payment of Refund**

#### ***Mode of making refunds***

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through unblocking amounts blocked using ASBA facility.

#### ***Refund payment to Non-residents***

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

***Allotment advice or Demat Credit***

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

**Receipt of the Equity Shares in Dematerialized Form**

**PLEASE NOTE THAT THE EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR THE ISSUE CLOSING DATE, AS THE CASE MAY BE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/ REVERSED/ FAILED.**

Investors shall be Allotted the Equity Shares in dematerialized (electronic) form. Our Company has signed an agreement with NSDL and an agreement with CDSL which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

**INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.**

The procedure for availing the facility for Allotment of Rights Equity Shares in the Issue in the electronic form is as under:

- Open a beneficiary account with any Depository Participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for each such holding. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
- It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
- The responsibility for correctness of information filled in the Application Form vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
- If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.



- The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
- Renounees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in the Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.
- Non-transferable allotment advice/ refund orders will be sent directly to the Investors by the Registrar to the Issue.
- Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares in this Issue must check the procedure for application by and credit of Rights Equity Shares to such Eligible Equity Shareholders in ***“Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form”*** and ***“Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form”*** on pages 187 and 195, respectively

### **Impersonation**

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

*“Any person who:*

- makes or abets making of an application in a fictitious name to a Company for acquiring, or subscribing for, its securities; or*
  - makes or abets making of multiple applications to a Company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
  - otherwise induces directly or indirectly a Company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*
- shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹ 10 lakhs or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to ten (10) years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three (3) times of such amount. Where such fraud (i) involves an amount which is less than ₹ 10 lakhs or 1% of the turnover of the Company, whichever is lower, and (ii) does not involve public interest, then such fraud is punishable with imprisonment for a term extending up to five years or fine of an amount extending up to ₹ 50 lakhs or with both.

### **Minimum subscription**

As the object of the Issue does not involve financing of capital expenditure, and as our Promoter and Promoter

Group, through their letter dated December 09, 2022 has confirmed their intention to subscribe to the full extent of their aggregate Rights Entitlements in the Issue and not to renounce their Rights Entitlements except to the extent of renunciation within the Promoter and Promoter Group. Accordingly, the minimum subscription criteria mentioned under the SEBI ICDR Regulations will not be applicable to the Issue.

However, the Promoter and members of Promoter group have given their intention to subscribe to additional Rights Equity Shares, over and above their Rights Entitlements (including the unsubscribed portion in the Issue, if any) jointly or severally, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations in order to achieve the minimum subscription of 90% of the Issue in accordance with Regulation 86 of the SEBI ICDR Regulations.

### **Utilization of Issue Proceeds**

Our Board of Directors/ Rights issue Committee members declares that:

- A. All monies received out of issue of shares or specified securities to the public shall be transferred to a separate bank account.
- B. Details of all monies utilised out of the issue referred to in clause (A) shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies had been utilised; and
- C. Details of all unutilised monies out of this issue referred to in clause (A) shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.

### **Undertaking**

Our Company undertakes the following:

- i. The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.
- ii. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Rights Equity Shares are to be listed will be taken within the time prescribed by the SEBI.
- iii. The funds required for making refunds/unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
- iv. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 4 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- v. In case of refund/unblocking of the application money/amount for unsuccessful applicants or part of the application money / amount in case of proportionate allotment, a suitable communication shall be sent to the applicants.
- vi. Our Company shall comply with all disclosure and accounting norms specified by the SEBI from time to time.
- vii. Adequate arrangements shall be made to collect all ASBA Applications.

- viii. Our Company accepts full responsibility for the accuracy of information given in this Draft Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Draft Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

### **Investor Grievances, Communication & Important Links**

1. Please read the Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise, the Application is liable to be rejected.
2. All enquiries in connection with the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed “Aarti Surfactants Limited – Rights Issue” on the envelope and postmarked in India or in the email) to the Registrar at the following address: C-101, 247 Park, L.B.S Nagar, Vikhroli West, Mumbai, Maharashtra 400083. In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (<https://linkintime.co.in/> ). Further, the helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is +91 810 811 4949.

The Investors can visit links <https://linkintime.co.in/> or [www.aarti-surfactants.com](http://www.aarti-surfactants.com) for the below-mentioned purposes:

- a. Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors
- b. Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company
- c. Updation of demat account details by Eligible Equity Shareholders holding shares in physical form
- d. Submission of self-attested PAN, client master sheet and demat account details by non- resident Eligible Equity Shareholders

This Issue will remain open for a minimum of 7 days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Consolidated FDI Policy and FEMA. The FDI Policy prescribes the limits and conditions subject to which foreign investment can be made in different sectors of the Indian economy and FEMA regulates the precise manner in which such investment may be made.

The government bodies responsible for granting foreign investment approvals are the concerned ministries/departments of the Government of India and the RBI. Pursuant to the press release dated May 24, 2017, the Union Cabinet phased out the FIPB and it was replaced by the Foreign Investment Facilitation Portal (**FIFP**) to speed up the FDI inflow and to increase the transparency in the FDI approvals in the country. The DIPP issued the Standard Operating Procedure (SOP) for Processing FDI Proposals on June 29, 2017 (the "**SOP**"). The SOP provides a list of the competent authorities to grant approvals for foreign investment for sectors/activities requiring Government approval. For sectors or activities that are currently under the automatic route but which required Government approval earlier as per the extant policy during the relevant period, the concerned Administrative Ministry/Department shall act as the competent authority (the "**Competent Authority**") for the grant of post facto approval for foreign investment. In circumstances where there is a doubt as to which department shall act as the Competent Authority, the DIPP will identify the Competent Authority.

The Government of India, from time to time, has made policy pronouncements on Foreign Direct Investment ("**FDI**") through press notes and press releases. The DIPP has issued a consolidated FDI Policy DPIIT File Number 5(2)/2020-FDI Policy Dated the October 15, 2020 ("**FDI Policy 2020**"), which consolidates and supersedes all previous press notes, press releases and clarifications on FDI policy issued by the DIPP that were in force till that date. The Government of India proposes to update the consolidated circular on FDI policy once every year and therefore, the FDI Policy 2020 will be valid until the DIPP issues an updated circular.

Under the FDI Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to 100% without any prior approvals, however the foreign investor must follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment ("**FDI**") and approval from the Government of India will now be handled by the FIFP.

The transfer of shares between an Indian resident and a non-resident does not need prior approval of the RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA, and the transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

As per the extant policy of the Government of India, erstwhile OCBs cannot participate in this Issue. OCBs or Overseas Corporate Bodies have been de-recognised as a class of investor entity in India with effect from September 16, 2003.

Overseas Corporate Body means a company, partnership firm, society and other corporate body owned directly or indirectly to the extent of at least sixty per cent by Non- Resident Indians and includes overseas trust in which not less than sixty percent beneficial interest is held by Non-resident Indians directly or indirectly but irrevocably, which was in existence as on September 16, 2003 and was eligible to undertake transactions pursuant to the general permission granted under FEMA. Any investment made in India by such entities will be treated as investments by incorporated non-resident entities, i.e. a foreign company.

The Issue, if renounced by our shareholders, may include offers within India, to Indian institutional, non-institutional and retail investors in offshore transactions as defined in, and made in reliance upon exemptions from the registration requirements under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), including the exemption under Regulation S ("**Regulation S**") of the U.S. Securities Act.



*The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Manager is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.*

## **SECTION VIII – OTHER INFORMATION**

### **STATUTORY INFORMATION**

Please note that the Rights Equity Shares applied for under this Issue will be allotted only in dematerialized form and will be credited to (a) the same depository account / corresponding PAN in which the Equity Shares are held by such Investor on the Record Date, or (b) the depository account, details of which have been provided to our Company or the Registrar at least 2 working days prior to the Issue Closing Date by the Eligible Equity Shareholder holding Equity Shares in physical form as on the Record Date, or (c) demat suspense escrow account where the credit of the Rights Entitlements returned/reversed/failed.

## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the documents for inspection referred to hereunder, may be inspected at the registered office of the Company between 10 a.m. and 5 p.m. on all working days from the date of the Letter of Offer until the Issue Closing Date and Additionally, any person intending to inspect the abovementioned contracts and documents electronically, may do so, by writing an email to [investors@aarti-surfactants.com](mailto:investors@aarti-surfactants.com).

### A) Material contracts for the Issue

1. Issue Agreement dated December 12, 2022 between our Company and the Lead Manager.
2. Registrar Agreement dated December 12, 2022 between our Company and Registrar to the Issue.
3. Bankers to the Issue Agreement dated December 12, 2022 amongst our Company, the Lead Manager, Banker(s) to the Issue and the Registrar to the Issue.
4. Tripartite agreement dated July 04, 2019 amongst our Company, Central Depository Services (India) Limited and Registrar to the Issue
5. Tripartite agreement dated July 03, 2019 amongst our Company, National Securities Depository Limited and Registrar to the Issue.

### B) Material documents for the Issue

1. Certified true copy of Certificate of Incorporation, the Memorandum of Association and Articles of Association of our Company, as amended.
2. Resolutions of the Board of Directors dated November 05, 2022 in relation to the Issue and other related matters.
3. Resolution of the Rights Issue Committee dated December 14, 2022 approving and adopting this Draft Letter of Offer.
4. Resolution passed by our Rights Issue Committee dated [●] finalizing the terms of the Issue including Record Date and the Rights Entitlement ratio.
5. The Audited Financial Results for half yearly ended September 30, 2022 and the Restated Financial Statements for the period ended March 31, 2022, March 31, 2021, and March 31, 2020.
6. Consents of our Directors, our Company Secretary and Compliance Officer, our Chief Financial Officer, Statutory Auditor, Internal Auditor, Lead Manager, Legal Advisor to the Issue, the Registrar to the Issue, Bankers to our Company, and Banker to the Issue to include their names in this Draft Letter of Offer and to act in their respective capacities.
7. The Report dated December 02, 2022 from the Statutory Auditors of our Company, confirming the Statement of Special Tax Benefits available to our Company and its Shareholders as disclosed in this Draft Letter of Offer.
8. Annual Reports of our Company for Fiscal March 31, 2022, March 31, 2021, March 31, 2020, March 31, 2019.
9. In-principle listing approvals dated [●] issued by BSE and NSE respectively under Regulation 28(1) of the SEBI Listing Regulations.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time, if so required, in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

## DECLARATION

We hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be.

We further certify that all disclosures made in this Draft Letter of Offer are true and correct.

### SIGNED BY THE DIRECTORS OF THE COMPANY

<b>Mulesh Manilal Savla</b> Chairman and Non-Executive Independent Director DIN: 07474847	Sd/-
<b>Nikhil Parimal Desai</b> Managing Director DIN: 01660649	Sd/-
<b>Santosh Madhaorao Kakade</b> Executive Director DIN: 08505234	Sd/-
<b>Shri Chandrakant Vallabhaji Gogri</b> Non-Executive Non-Independent Director DIN: 00005048	Sd/-
<b>Dattatray Sidram Galpalli</b> Non-Executive Non-Independent Director DIN: 01853463	Sd/-
<b>Misha Bharat Gala</b> Non – Executive Independent Director DIN: 08523865	Sd/-

### Signed by the – Chief Financial Officer and Company Secretary of our Company

Sd/-

**Nitesh Medh**

*(Chief Financial Officer)*

*ICAI Membership No.:155868*

Sd/-

**Priyanka Chaurasia**

*(Company Secretary and Compliance Officer)*

*ICSI Membership No.: A44258*

**Place:** Mumbai

**Date:** December 14, 2022