

AARTI SURFACTANTS LIMITED
Standalone Balance Sheet as at 31st March, 2020

(Rs. in Lakhs)

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
A ASSETS			
1 Non-Current Assets			
(a) Property, Plant and Equipment	1	15,013.97	13,787.41
(b) Capital Work-in-Progress	1	1,395.26	447.01
(c) Other Intangible Assets	1	121.44	
(d) Financial Assets			
Investments	2	0.53	3,149.67
(e) Other Non-Current Assets	3	263.13	105.90
Total Non-Current Assets		16,794.33	17,489.99
2 Current Assets			
(a) Inventories	4	5,648.84	5,269.90
(b) Financial Assets			
(i) Trade Receivables	5	1,791.99	3,056.23
(ii) Cash and Cash Equivalents	6	9.23	2.01
(iv) Other Financial Assets	7	37.20	21.63
(c) Other Current Assets	8	1,948.12	2,152.61
Total Current Assets		9,435.38	10,502.38
TOTAL ASSETS		26,229.71	27,992.37
B EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	9	758.45	5.00
(b) Share Capital pending allotment upon scheme of arrangement	9.3	-	866.69
(c) Other Equity	10	10,337.01	12,725.02
Total Equity		11,095.46	13,596.71
3 LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
Borrowings	11	4,877.93	3,000.00
(b) Deferred Tax Liabilities (Net)	12	762.06	727.69
Total Non-Current Liabilities		5,639.99	3,727.69
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	13	6,042.77	6,665.29
(ii) Trade Payables Due to			
- Micro and Small Enterprises		-	-
- Other Than Micro and Small Enterprises		1,924.40	3,844.91
(b) Other Current Liabilities	14	1,125.19	8.93
(c) Provisions	15	401.90	148.84
Total Current Liabilities		9,494.26	10,667.97
Total Liabilities		15,134.25	14,395.66
TOTAL EQUITY AND LIABILITIES		26,229.71	27,992.37

Significant Accounting Policies

Accompanying Notes to the Financial Statements

1-31

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

Sd/-
Partner
Tejas Parikh
M.No.123215
Place: Mumbai
Date: 4th June, 2020

Sd/-
Chandrakant Gogri
Director

Sd/-
Nikhil Desai
Managing Director

Sd/-
Prashant Gaikwad
Company Secretary

AARTI SURFACTANTS LIMITED

Standalone Statement of Profit and Loss for the Year Ended 31st March, 2020

(Rs. in Lakhs)

Particulars		Note No.	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
I	Revenue from Operations	16	32,586.40	26,432.32
II	Other Income	17	20.90	6.82
III	Total Income (I+II)		32,607.30	26,439.14
IV	EXPENSES			
	(a) Cost of Materials Consumed	18	24,837.93	22,867.43
	(c) Changes in inventories of finished goods, Stock-in-Trade	19	-107.39	-1,584.23
	(d) Employee Benefits Expense	20	1,430.34	1,139.83
	(e) Finance Costs	21	1,027.95	241.60
	(f) Depreciation / Amortisation Expenses	1	1057.55	879.73
	(g) Other Expenses	22	4,065.90	3,492.96
	Total Expenses (IV)		32,312.28	27,037.32
V	Profit/(Loss) before Exceptional Items and Tax (III-IV)		295.02	-598.18
VI	Exceptional Items		-	-
VII	Profit/(Loss) before Tax (V-VI)		295.02	-598.18
VIII	TAX EXPENSES			
	Current Tax		51.54	-
	MAT Credit Entitlement		-51.54	-
	Deferred Tax		85.91	49.76
	Total Tax Expenses		85.91	49.76
IX	Profit/(Loss) for the year (VII-VIII)		209.11	-647.94
X	OTHER COMPREHENSIVE INCOME			
	a. Items that will not be reclassified to Statement of Profit and Loss			
	- Fair Value Change of Equity Instruments through Other Comprehensive Income (Net of Tax)		-895.2	661.21
	b. Items that will be reclassified to Statement of Profit and Loss		-	-
XI	TOTAL COMPREHENSIVE INCOME FOR THE YEAR (IX+X)		-686.09	13.27
XII	Earnings Per Equity Share of Face Value of Rs 10 Each (EPS) (in Rs.)	23		
	Basic		2.76	-8.54
	Diluted		2.76	-7.48
	Significant Accounting Policies			
	Accompanying Notes to the Financial Statements	1-31		

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Partner
Tejas Parikh
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Place: Mumbai
Date: 4th June, 2020

For and on behalf of the Board
For Aarti Surfactants Limited

Sd/- Sd/- Sd/-
Chandrakant Gogri Nikhil Desai Prashant Gaikwad
Director **Managing Director** **Company Secretary**

AARTI SURFACTANTS LIMITED

Standalone Statement of Changes in Equity for the Year Ended 31st March, 2020

A. Equity Share Capital

(Rs. in Lakhs)

As at 1st April, 2018	-
Changes in equity share capital during the year 2018-19	5.00
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

B. Other Equity

(Rs. in Lakhs)

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, 2018	-	-	-	-
Transferred On Account of Scheme of Arrangement	10,367.80	-	2,449.78	12,817.58
Effect of Increase in Share Entitlement due to Increase in share Capital after QIP issue	-52.14	-	-	-52.14
Effect of Gratuity Provison to be maintained as per NCLT order	-53.69	-	-	-53.69
Total Comprehensive Income for the year	-647.94		661.21	13.27
Balance as at 31st March, 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		209.11	-895.20	-686.09
Balance as at 31st March, 2020	-	10,337.01	-	10,337.01

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

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For Aarti Surfactants Limited

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Tejas Parikh
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Place: Mumbai
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Nikhil Desai
Managing Director

Sd/-
Prashant Gaikwad
Company Secretary

AARTI SURFACTANTS LIMITED

Standalone Cash Flow Statement for the Year Ended 31st March, 2020

(Rs. in Lakhs)

Sr. No.	Particulars	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit/ (loss) before Tax as per Statement of Profit and Loss	295.02	-598.18
	Adjusted for:		
	- Finance Costs	1,027.95	241.60
	- Depreciation/ Amortisation	1,057.55	879.73
	Operating Profit before Working Capital Changes	2,380.52	523.15
	Adjusted for:		
	- Trade and Other Receivables	1,389.31	151.49
	- Inventories	-378.94	-285.78
	- Trade Payables and Other Current Liabilities	-1,582.79	-1,653.67
	Cash Generated from Operations	1,808.10	-1,264.81
	Taxes Paid (Net)	2.25	-2.99
	Net Cash Flow from/(used in) Operating Activities	1,810.35	-1,267.80
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Addition to Property, Plant and Equipment and Capital Work In Progress	-2,469.35	-2,825.25
	Investment in Aarti HPC Limited 100% Subsidiary	-0.50	0.00
	Other Investments	-0.03	0.00
	Proceeds from Sale of Investments	2,254.47	0.00
	Net Cash Flow used in Investing Activities	-215.43	-2,825.25
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Borrowings - Non Current	-	3,000.00
	Proceeds/(Repayment) from Current Borrowing (Net)	-613.86	1,334.74
	Finance Costs	-973.84	-241.60
	Net Cash Flow from/(used in) Financing Activities	-1,587.70	4,093.14
	Net Increase in Cash and Cash Equivalents	7.22	0.09
	Opening Balance of Cash and Cash Equivalents	2.01	1.92
	Closing Balance of Cash and Cash Equivalents	9.23	2.01

As per our report of even date
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Partner
Tejas Parikh
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Place: Mumbai
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Chandrakant Gogri Nikhil Desai Prashant Gaikwad
Director **Managing Director** **Company Secretary**

AARTI SURFACTANTS LIMITED

Corporate Information and Significant Accounting Policies:

A. Corporate Information

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

The Honourable NCLT - Ahmedabad Bench had approved the scheme of arrangement between Aarti Industries Limited, Aarti Surfactants Limited and shareholders of both the companies on 10th of June, 2019; pursuant to which, the Home and Personal Care Division of Aarti Industries Limited is transferred to Aarti Surfactants Limited from Appointed Date (i.e. 1st April, 2018).

The company's product portfolio includes surfactants, mild surfactants, rheology modifiers, pearlizing agents, UV filters, syndet and soap bases, and active ingredients, as well as conditioning agents, blends, proteins, and quats. It serves skin care, oral, hair, cosmetics, bath and shower, sun care, fabric/laundry care, dishwashing, toilet care, and surface care segments.

Manufacturing Units of the Company are located at Pithampur in the state of Madhya Pradesh and Silvassa in the Union Territory of Dadra and Nagar Haveli and Daman and Diu.

The Equity as well as Redeemable Preference Shares of the Company are in the process of listing on the National Stock Exchange of India Limited ("NSE") and the BSE Limited ("BSE") in India.

B. Explanatory Note on the Composite Scheme of Arrangement

The Scheme of Arrangement under sections 391 to 394 of the Companies Act, 1956 read with section 230 to 232 Companies Act, 2013 (the Scheme) between the Company and Aarti Industries Limited (the Demerged Company) and their respective shareholders and the creditors of the two companies for demerger of Home and Personal Care Undertaking as a going concern into the Aarti Surfactants Limited on the Appointed Date at the opening of business hours on 01st April 2018, has been sanctioned by the Hon'ble National Company Law Tribunal, Ahmedabad Bench, vide its Order dated 10th June, 2019.

Certified copies of the order of the Hon'ble National Company Law Tribunal have been filed with the Registrar of Companies at Vapi, Gujarat on 24th June, 2019 and the scheme has become effective from 24th June, 2019.

The Scheme has accordingly been given effect to in the accounts effective from the Appointed Date being opening of business hours on 1st April, 2018.

Pursuant to the Scheme of arrangement, Aarti Surfactant Limited has to issue to Equity Shareholder of Aarti Industries Limited,

For every 10 equity shares held in Aarti Industries Limited

(a) 1 Equity Shares of Aarti Surfactants Limited; or

(b) 1 Redeemable Preference Share of Aarti Surfactants Limited.

Holders of equity shares of Aarti Industries Limited have an option to subscribe either Equity or Redeemable Preference shares as above.

Pursuant to the Scheme, the excess of Rs 13,635.57 lakhs of the assets over liabilities of Home and Personal Care Division of Aarti Industries Limited has been transferred and vested into the Company at the values appearing in the books of the Demerged Company, Aarti Industries Limited as on opening of business hours on 1st April, 2018.

The particulars of assets and liabilities transferred are as follows:

Particular	Amount (Rs. In Lacs)
Property, Plant and Equipment	12,288.90
Investments	2,488.46
Other Non Current Assets	140.61
Trade Receivable	3,509.10
Inventories	4,984.12
Other Current Assets	1,837.06
Total	25,248.26
Working capital Borrowing	5,278.43
Other current liabilities	5,656.33
Deferred Tax Liability	677.93
Total	11,612.68
Excess of assets over liabilities	13,635.57

Pursuant to the Scheme, the surplus of the assets over liabilities, after adjusting for issuance of new share capital and cancellation of existing share capital has to be credited to the Free Reserves of the Company .

Demerged Company is deemed to have been carrying on all business activities relating to the demerged undertaking with effect from opening of business hours on 1st April, 2018 and on account of and in trust of the Company. All profits or losses, income and expenses accruing or arising or incurred after opening of business hours on 1st April, 2018 relating to the said undertaking shall get vested to the Company. During the year, till all licenses and approvals were in place, Demerged Company continued the business on account and in trust of the Company

Ind AS 103 - Business Combination requires that acquirer shall record all assets and liabilities acquired under business combinations at Fair Value. Ind AS are applicable to Demerged Company Aarti Industries Limited and hence assets and liabilities were already at Fair Value in the books of Demerged Company at the time of Demerger. Accordingly, the management has considered these book values as fair value for the purpose of recording of assets and liabilities in the books of the Company. The same is also in accordance with the Scheme of arrangement approved by NCLT.

C. Significant Accounting Policies

C.1 Basis of Preparation and Presentation

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

- a. Certain financial assets and liabilities; and
- b. Defined benefit plans.

The Financial Statements of the Company have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013.

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

The financial statements of the Company for the year ended 31.3.2020 were approved for issue in accordance with a resolution of the Board of Directors in its meeting held on 4th June 2020

C.2 Summary of Significant Accounting Policies

(a) Current and Non-Current Classification

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

An asset is treated as Current when it is -

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

All other assets are classified as non-current

A liability is considered as Current, when -

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

The Company classifies all other liabilities as non-current

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

(b) Property, Plant and Equipment (PPE)

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

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

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

(c) Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the 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 - At cost on Weighted Average basis.
- b. Work-in-Process - At cost plus appropriate allocation of overheads.
- 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. Cash and Cash Equivalents consist of balances with banks which are unrestricted for withdrawals and usages.

(f) Revenue Recognition

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

(g) Government Grants

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

(h) Depreciation/Amortization

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

Sr. No.	Particulars	Depreciation or Amortisation
1.	Leasehold Land	Over the remaining tenure of lease
2.	Building	Over a period of 19 years
3.	Plant & Machinery	Over its useful life as technically assessed, i.e over a period of 9-19 years, based on the type of Equipments
4.	Furniture and Fixtures	Over a period of 10 years
5.	Vehicles	Over a period of 7 years
6.	Intangible Assets (Product Registration Rights)	Over a period of 5 years

(i) Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of net selling price of an assets 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

(j) Foreign Currency Transactions

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

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

(k) Operating Leases

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

(l) Finance Costs

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

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

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

(m) Provisions, Contingent Liabilities and Contingent Assets

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

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

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

(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 funds accrue as per the relevant statute.

Defined Benefit Plans

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

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

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

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

(o) Taxes on Income

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

Current Tax

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

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

Deferred Tax

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

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

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

Minimum Alternate Tax (MAT)

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

D. 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

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

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

III Equity Investments

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

IV Impairment of Financial Assets

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

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

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

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

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

➤➔ Financial Liabilities

I Initial Recognition and Measurement

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

II Subsequent Measurement

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

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

➤➔ **Derecognition of Financial Instruments**

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

➤➔ **Offsetting**

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

E. 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.

F. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

I Depreciation/Amortisation and useful lives of Property, Plant and Equipment/Intangible

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

II Recoverability of Trade Receivables

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

III Provisions

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

AARTI SURFACTANTS LIMITED
NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FY 2019-20

(Rs. in Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Balance as at 1st April, 2019	Additions/ Adjustments	Deduction/ Adjustments	Balance as at 31st Mar, 2020	Balance as at 1st April, 2019	Depreciation charge for the Period	Deduction/ Adjustments	Balance as at 31st Mar, 2020	Balance as at 31st Mar, 2020	Balance as at 31st March, 2019
I Property, Plant and Equipment										
I Tangible Assets										
Freehold Land	47.62	-	-	47.62	-	-	-	-	47.62	47.62
Leasehold Land	177.83	-	-	177.83	41.90	6.72	-	48.61	129.22	135.94
Buildings	2,027.54	-	-	2,027.54	497.75	107.05	-	604.80	1,422.74	1,529.79
Plant and Machinery	17,175.33	2,207.63	-	19,382.96	5,187.97	857.54	-	6,045.51	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
Total	19,669.91	2,218.71	-	21,888.63	5,882.50	992.16	-	6,874.66	15,013.97	13,787.41
II InTangible Assets										
Product Registration Rights	-	186.84	-	186.84	-	65.39	-	65.39	121.44	-
Total	-	186.84	-	186.84	-	65.39	-	65.39	121.44	-
III Gross Total	19,669.91	2,405.55	-	22,075.46	5,882.50	1,057.55	-	6,940.05	15,135.41	13,787.41
III Capital Work-in-Progress									1,395.26	447.01

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.

FY 2018-19

(Rs. in Lakhs)

Particulars	GROSS BLOCK					DEPRECIATION					NET BLOCK
	Balance as at 1st April, 2018	Additions On A/C of Scheme of Arrangement	Additions/ Adjustments	Deduction/ Adjustments	Balance as at 31st Mar, 2019	Balance as at 1st April, 2018	Additions On A/C of Scheme of Arrangement	Depreciation charge for the Period	Deduction/ Adjustments	Balance as at 31st Mar, 2019	Balance as at 31st Mar, 2019
I Property, Plant and Equipment											
I Tangible Assets											
Freehold Land	-	47.62	-	-	47.62	-	-	-	-	-	47.62
Leasehold Land	-	150.20	27.64	-	177.84	-	36.18	5.72	-	41.90	135.94
Buildings	-	1,860.41	167.13	-	2,027.54	-	393.49	104.26	-	497.75	1,529.79
Plant and Machinery	-	13,786.71	3,392.26	3.65	17,175.32	-	4,436.50	752.08	0.62	5,187.96	11,987.36
Furniture and Fixtures	-	102.95	13.08	-	116.03	-	84.74	5.88	-	90.62	25.41
Vehicles	-	59.06	66.50	-	125.56	-	52.47	11.80	-	64.27	61.29
Total	-	16,006.95	3,666.61	3.65	19,669.91	-	5,003.38	879.74	0.62	5,882.50	13,787.41
II Gross Total	-	16,006.95	3,666.61	3.65	19,669.91	-	879.74	879.74	0.62	5,882.50	13,787.41
III Capital Work-in-Progress											447.01

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.

(Rs. in Lakhs)

Particulars	Number of Units/Shares (all fully paid up)				As at 31st March, 2020	As at 31st March, 2019
	Opening Balance	Acquisition	Disposal	Closing Balance		
2 Investments - Non Current						
Investments measured at Fair Value through Other Comprehensive Income						
In Quoted Equity Shares						
Aarti Drugs Ltd.	4,91,790	-	4,91,790	-	-	3,149.67
In UnQuoted Equity Shares						
SVC Co Operative Bank Limited	-	25	-	25	0.03	-
In UnQuoted Equity Shares (Subsidiary)						
At Cost						
Aarti HPC Limited		5,000		5,000	0.50	-
Total	4,91,790	5,025	4,91,790	5,025	0.53	3,149.67

- During the year the company has sold its investment in Aarti Drugs Limited to fund its ongoing capex at its manufacturing plant at Pithampur, Madhya Pradesh and Silvassa, Dadra Nagar Haveli and Daman and Diu.

(Rs. in Lakhs)

Particulars		As at 31st March, 2020	As at 31st March, 2019
3	Other Non-Current Assets		
	Deposits	166.77	102.91
	Income Tax Assets (Net of Provisions)	0.74	2.99
	Capital Advance	95.62	-
	Total	263.13	105.90
4	Inventories		
	Raw Materials and Components (incl of In-transit stock)	2330.90	2,063.94
	Work-in-progress Finished Goods	103.17	143.28
	Finished Goods (incl of In-transit stock)	3083.29	2,935.79
	Stores and spares	80.14	78.96
	Fuel (incl of In-transit stock)	17.31	23.41
	Packing Materials	34.03	24.52
	Total	5,648.84	5,269.90
	*Mode of Valuation is stated in note : (d) Valuation of Inventories in Significant Accounting Policy		
	*The Company has availed credit facilities from banks which are secured interalia by hypothecation of inventories		
5	Trade Receivables		
	Less than six months (unsecured and considered good)	1751.21	3,056.23
	More than six months		
	-Unsecured and Considered Good	40.78	-
	-Unsecured Doubtful Debts	69.97	69.97
	-Provision on Doubtful Debts	-69.97	-69.97
	Total	1791.99	3056.23
	*The Company has availed credit facilities from banks which are secured interalia by hypothecation of Trade Receivables		
6	Cash and Cash Equivalentents		
	Cash on Hand	1.63	0.84
	Balances with Banks	7.60	1.17
	Total	9.23	2.01
7	Other Financial Assets		
	Loans & Advances:		
	(i) Employees	36.45	21.63
	(ii) Related Party	0.75	-
	Total	37.20	21.63
8	Other Current Assets		
	Balance with Customs, Central Excise, GST and State Authorities	1698.73	2,149.95
	Others Receivable	0.28	-
	Prepaid Expenses	37.06	2.66
	Advance to Supplier of Material, Engineering Items	212.05	-
	Total	1,948.12	2,152.61

9 SHARE CAPITAL:

Particulars	No. of Shares	As at 31st March, 2020	No. of Shares	As at 31st March, 2019
Authorised Share Capital				
Equity Shares of Rs 10/- each	3,18,70,000	3,187	81,30,000	813.00
Redeemable Preference Shares of Rs 10/- each	81,30,000	813	81,30,000	813.00
	4,00,00,000	4,000.00	1,62,60,000	1,626.00
Issued, Subscribed & Paid up				
Equity Shares of ` 10/- each	75,84,477	758.45	50,000	5.00
TOTAL	75,84,477	758.45	50,000	5.00

9.1 Reconciliation of the number of Shares outstanding as on 31st Mar, 2020:

Particulars	As at 31st March, 2020	As at 31st March, 2019
	No' Of Shares	No' Of Shares
Equity Shares at the beginning of the year	50,000	50,000
Add: Shares issued during the year Pursuant to Scheme of Arrangement Agt Pending Allotment	75,84,477	-
Less: Shares Cancelled Pursuant to Scheme of Arrangement	-50,000	-
Equity Shares at the end of the year	75,84,477	50,000

9.2 Details of shareholders holding more than 5% shares:

Name of the Shareholders	As at 31st March, 2020		As at 31st March, 2019	
	No. of Shares	% held	No. of Shares	% held
Aarti Industries Limited	-	-	50,000	100
HDFC Trustee Company Ltd.	7,13,681	9.41	-	-
Jaya Chandrakant Gogri	3,99,449	5.27	-	-
Rashesh Chandrakant Gogri	3,83,438	5.06	-	-

9.3 Share Capital pending allotment upon scheme of Arrangement:

Particulars	No. of Shares	As at 31st March, 2020	No. of Shares	As at 31st March, 2019
Share capital as per Scheme of Arrangement		-		813.00
Increase in Share entitlement due to Fresh share issue during the year, under QIP by Demerged Co.	NA	-	NA	53.69
TOTAL		-		866.69

** 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 shareholder of Demerged company Aarti Industries limited against Share capital Pending allotment as at 31st March 2020. Upon allotment, prescheme paid up capital of Rs 5 Lakhs, held by Aarti Industries Limited, shall stand reduced, cancelled and extinguished in terms of the said Scheme.

** 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.

(Rs. in Lakhs)

Particulars		As at 31st March, 2020	As at 31st March, 2019
10	Other Equity		
a.	Reserves Pending Allocation		
	As per last Balance Sheet	9,614.03	-
	Add: Balance transferred on account of scheme of arrangement	-	10,367.80
	Less: Effect of Increase in Share Entitlement due to Increase in share Capital after QIP issue	-	-52.14
	Less: Effect of Gratuity Provison to be maintained as per the order of arrangement	-	-53.69
	Less: Loss for the year	-	-647.94
	Issuance of Redeemable Preference Shares out of opening balance of Unallocated Reserves received on account of Demerger	-1,706.92	
	Balance of Unallocated Reserves transferred to Retained Earnings	-7,907.11	
	Closing Balance	-	9,614.03
b.	Retained Earnings		
	As per last Balance Sheet	-	-
	Balance of Unallocated Reserves transferred to Retained Earnings	7,907.11	-
	Gain on Disposal of Investment in Equity Shares through OCI	2,215.79	
	Add: Cancellation of Share Capital on Issuance of Fresh Share Capital as per the Scheme of Arrangement	5.00	
	Add: Profit for the year	209.11	
	Closing Balance	10,337.01	-
c.	Other Comprehensive Income		
	As per last Balance Sheet	3,110.99	-
	Add: Balance transferred on account of scheme of arrangement	-	2,449.78
	Fair Value Gain/(Loss) on Investment in Equity Shares through OCI	-895.20	661.21
	Gain on Disposal of Investment in Equity Shares through Other Comprehensive Income transferred to Retained Earnings	-2,215.79	
	Closing Balance	-	3,110.99
	Total	10,337.01	12,725.02

(Rs. in Lakhs)

Particulars		As at 31st March, 2020	As at 31st March, 2019
11	Borrowings - Non Current		
	Secured - At Amortised Cost		
	Term loans from Banks/Financial Institutions (Refer note 11.1.a)	3,000.00	3,000.00
	Car Loan from Banks/Financial Institutions	8.66	-
	0% Non Convertible Redeemable Preference Shares of ` 10/- each (Refer note 11.1.b)	1,869.27	-
	Total	4,877.93	3,000.00

11.1 a). Rupee term loan from Bank aggregating to Rs. 3000 lakhs is secured by first charge on all movable and immovable assets of the Company, including current assets.

b). (i) Pursuant to Scheme of Arrangement become affective and subsequent exercise of Option by Equity Shareholders of Demerged Entity Aarti Industries Limited, 1082387 Nos of 0% Convertible Redeemable Preference Shares of ` 10/- each issued to the shareholders of Demerged Entity Aarti Industries Limited who has opted for option Redeemable Preference shares valued at fair value Rs 167 per share as per scheme.

b). (ii) Terms of preference shares:

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

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

11.2	Repayment Terms (SVC Term Loan)		
	Repayment Tenor	Amount	Amount
	1-2 Years	900.00	300.00
	2-3 Years	1,200.00	1,200.00
	3-4 Years	900.00	1,200.00
	Beyond 4 Years	-	300.00
12	Deferred Tax Liability (Net)		
	At the start of the year	727.69	-
	Transferred Pursuant to Scheme of Arrangment (Dep.)	-	677.93
	Charge/ (credit) to the Statement of Profit and Loss	85.91	49.76
	MAT Credit Entitlement	-51.54	-
	At the end of the year	762.06	727.69
12.1	Components of Deferred Tax Liability/(Asset)		
	Deferred tax liabilities/(assets) in relation to:		
	Property, Plant and Equipment	1,265.17	999.52
	Carried Forward Tax Losses	-451.57	-271.83
	Mat Credit Entitlement	-51.54	-
	Total	762.06	727.69
13	Borrowings - Current - At Amortised Cost		
	Secured - Working capital Loan From SVC Co Operative Bank	6,017.89	6,639.47
	Interest Accrued but not due on Term Loan from Banks	24.88	25.82
	Total	6,042.77	6,665.29

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

14	Other Current Liabilities		
	Other Payables (Statutory Dues)	86.34	8.92
	Creditors for Capital Expenditure	980.05	-
	Income Received in Advance	58.79	-
	Total	1,125.18	8.92
15	Provisions - Current		
	Provision for Employee Benefits	158.14	145.70
	Other Provisions	243.76	3.14
	Total	401.90	148.84

(Rs. in Lakhs)

Particulars		As at 31st March, 2020	As at 31st March, 2019
16	Revenue from Operations		
	Local Sale	31,510.32	27,391.53
	Export Sale.	5,344.07	3,476.93
	Sale of Products	36,854.39	30,868.46
	Less GST Collected on Sale	-4,812.19	-4,622.58
	Net Sale	32,042.20	26,245.88
	Other Operating Revenues (Refer Note No. 16.1)	544.20	186.44
	Total	32,586.40	26,432.32
	Sales Figures reported during previous financial year were inclusive of GST. However, during the current financial year, sales are shown exclusive of GST. Previous year comparative numbers are restated to that extent. Such restatement, however, have no impact on Loss reported for the previous financial year.		
16.1	Other Operating Revenues		
	Export Benefits/Incentives Received	90.09	0.55
	Scrap Sales	36.24	46.61
	State Government Grant - Industry Promotion Incentive	417.88	139.28
	Total	544.21	186.44
17	Other Income		
	Dividend Received	-	4.92
	Interest Received	6.83	-
	Insurance Claim Received	14.07	-
	Profit on Sale of Assets/Investment	-	1.57
	Other Income	-	0.33
	Total	20.90	6.82
18	Cost of Material Consumed		
	Raw Material	22,894.62	21,283.24
	Packing Material	804.86	545.32
	Fuel	554.05	597.66
	Stores & Spares	584.40	441.21
	Total	24,837.93	22,867.43
19	Changes in inventories of finished goods, Stock-in-Trade and work-in-progress		
	Inventories (at commencement)		
	Finished Goods	2,935.79	1,437.78
	Work-in-Progress	143.28	57.06
		3,079.07	1,494.84
	Inventories (at Close)		
	Finished Goods	3,083.29	2,935.79
	Work-in-Progress	103.17	143.28
		3,186.46	3,079.07
	Total	-107.39	-1,584.23

20	Employee Benefits		
	Directors Remunderation	64.99	43.79
	Salaries, Wages & Bonus	1,212.26	1,017.56
	Contribution to PF and other Funds	84.37	18.03
	Workmen & Staff Welfare Expenses	68.72	60.45
	Total	1,430.34	1,139.83

21	Finance Cost		
	Interest Expense	983.81	207.02
	Other Borrowing Costs	44.14	34.58
	Total	1,027.95	241.60
22	Other Expenses		
	Manufacturing Expenses		
	Freight, Cartage & Transport	632.49	535.64
	Power	1,172.00	1,020.85
	Water Charges	60.16	48.95
	Processing Charges	221.26	266.51
	Labour/Helper Charges, Security Services	509.78	440.24
	Effluent Treatment Cost	172.65	30.21
	Other Manufacturing Expenses	63.93	99.43
	Repairs & Maintenance	301.00	300.30
	Insurance Charges	44.09	14.63
	Factory Administrative Expenses	171.09	172.89
	Sub-Total (A)	3,348.45	2,929.65
	Office Administrative Expenses		
	Rent, Rates and Taxes	11.01	8.05
	Travelling and Conveyance	45.43	29.87
	Auditor's Remuneration	6.00	2.41
	Legal & Professional Charges	29.45	0.66
	Postage, Telegraph & Telephone	6.40	0.67
	Printing & Stationery Expenses	4.48	0.01
	ROC & Other Filling Fees	47.28	-
	Other Administrative Expenses	9.24	8.33
	Sub-Total (B)	159.29	50.00
	Selling and Distribution Expenses		
	Advertisement & Sales Promotion	44.04	40.47
	Export Freight Expenses, Outward Freights	484.62	451.32
	Commission on Sales	9.35	21.02
	Sample Testing & Analysis Charges	2.98	0.45
	Other Selling Expenses	15.67	-
	Sub-Total (C)	556.66	513.26
	Non-Operating Expenses		
	Donations and CSR Expenses	1.50	0.05
	Sub-Total (D)	1.50	0.05
	Total (A+B+C+D)	4,065.90	3,492.96

(Rs. in Lakhs)

Particulars		As at 31st March, 2020	As at 31st March, 2019
23	Earning Per Share (EPS)		
	Face Value Per Equity Share (in Rs.)	10	10
	Basic Earnings Per Share (in Rs.)	2.76	-8.54
	Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (Rs. in Lakhs)	209.11	-647.94
	Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (in Lakhs)	75.84	75.84
	Diluted Earnings Per Share (in Rs.)	2.76	-7.48
	Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (Rs. in Lakhs)	209.11	-647.94
	Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (in Lakhs)	75.84	86.67(Refer Note 23.3)
	Reconciliation of weighted average number of equity shares outstanding		
	Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (in Lakhs)	75.84	75.84(Refer Note 23.2)
	Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (in Lakhs)	75.84	86.67(Refer Note 23.3)

- 23.1 Pursuant to the scheme of arrangement, the company has to issue Equity shares / Redeemable preference shares to the holders of equity of Aarti Industries Limited. Equity Share holders of Aarti Industries Limited have the option to either apply to Equity or Redeemable Preference share of the Company.
- 23.2 The Company allotted 75,84,477 equity shares on 20th August, 2019 pursuant to the scheme of arrangement. Since effective date of demerger is 1.4.2018, 75,84,477 equity shares has been considered for calculation of Basic EPS for FY 2018-19 and FY 2019-20. Basic EPS for FY 2018-19 has been restated as per Ind AS 33 - Earning Per Share.
- 23.3 As per the Scheme of Arrangement, upon the scheme becoming effective, existing share capital of Rs. 5 lakhs stands automatically cancelled. As at 31st March, 2019, the allotment of share capital was pending as the shareholders were yet to exercise the option. Accordingly, exact number of equity shares (opted by the shareholders of Demerged Company were not known as on that date). Considering this, Diluted Earning Per Share for FY 2018-19 was arrived at assuming that all shareholders of Aarti Industries Limited will opt for Equity Shares. Diluted EPS for FY 2018-19 has not been restated as per Ind AS 33, Earning Per Share.

(Rs. in Lakhs)

24	Payment to Auditors		
a.	Statutory Audit Fees	6.00	2.35
b.	Certification and Consultation Fees	0.08	0.06
	Total	6.08	2.41
25	Contingent Liabilities and Commitments		
(i)	Contingent Liabilities		
	- Claims against the company not acknowledged as Debt - Unpaid	158.20	191.82
	- Claims against the company not acknowledged as Debt - Paid (under dispute)	225.32	225.32
(ii)	Commitments		
	Estimated amount of contracts remaining to be executed on Capital Account and not provided for, net of advances	75.00	-
	Total	458.52	417.14

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

27 In the opinion of the Board, except as otherwise stated, the Current Assets and Loans and Advances have a value on realization at least equal to amounts at which they are stated in the Balance Sheet.

28 Segment Information

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

Revenue from Type of Product and Services

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

Secondary Segment Information

Particulars	FY 2019-20	FY 2018-19
Segment Revenue - External Turnover		
Within India	26,698.13	22,768.95
Outside India	5,344.07	3,476.93
Total	32,042.20	26,245.88
Non-Current Assets*		
Within India	16,793.80	14,340.32
Outside India	-	-
Total	16,793.80	14,340.32

* includes property plant and equipments, intangible assets, capital working 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 amount to 10 per cent or more of company's total Revenue. Company's total Revenue of Rs. 32,042.20 Lakhs (P.Y. Rs. 26,245.88 Lakhs) include sales of Rs.19,385.00 Lakhs (P.Y. Rs. 16,963.00 Lakhs) to two large customers with whom the company is having long standing Relationship.

29 Related Party Disclosures

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

29.1 Subsidiary company

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

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

Sr. No.	Name of the Related Party	Relationship
1	Mr. Chandrakant Vallabhaji Gogri	Non-Executive Director
2	Mr. Nikhil Parimal Desai	Executive Director
3	Mr. Dattatray Sidram Galpalli	Non-Executive Director
4	Mr. Santosh Madhaorao Kakade	Executive Director
5	Mr. Mulesh Manilal Savla	Independent Director
6	Ms. Misha Bharat Gala	Independent Director
7	Mr. Prashant Gaikwad	Company Secretary

29.3 Transactions during the year with Related Parties

(Rs. in Lakhs)

Sr. No.	Name of the Related Party	Remuneration Paid	
		FY 2019-20	FY 2018-19
1	Mr. Nikhil Parimal Desai	44.17	43.79
2	Mr. Santosh Madhaorao Kakade	20.82	-
3	Mr. Prashant Gaikwad	4.80	-
4	Investment in Aarti HPC Limited	0.50	-
5	Advance to Aarti HPC Limited	0.75	-

30 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 able to meet all its current liabilities and interest obligation on timely manner.

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

(Rs. in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Gross Debt	10,920.70	9,665.29
Cash and Marketable Securities	9.76	3,151.68
Net Debt (A)	10,910.94	6,513.61
Total Equity (As per Balance Sheet) (B)	11,095.46	13,596.71
Net Gearing Ratio (A/B)	0.98	0.48

31 Financial Instruments

A. Fair Value Measurement Hierarchy

(Rs. in Lakhs)

Particulars	As at 31st March, 2019			
	Carrying Amount	Level of Input Used		
		Level 1	Level 2	Level 3
Financial Assets				
At Amortised Cost				
Trade Receivables	3,056.23	-	-	-
Cash and Cash Equivalents	2.01	-	-	-
Loans	21.63	-	-	-
At FVTOCI				
Investments	3,149.67	3,149.67	-	-
Financial Liabilities				
At Amortised Cost				
Borrowings - Non Current	3,000.00	-	-	-
Borrowings - Current	6,665.29	-	-	-
Trade Payables	3,844.91	-	-	-

Particulars	As at 31st March, 2020			
	Carrying Amount	Level of Input Used		
		Level 1	Level 2	Level 3
Financial Assets				
At Amortised Cost				
Trade Receivables	1,791.99	-	-	-
Cash and Cash Equivalents	9.23	-	-	-
Loans	37.20	-	-	-
At Cost				
Investments	0.53	-	-	-
Financial Liabilities				
At Amortised Cost				
Borrowings - Non Current	4,877.93	-	-	-
Borrowings - Current	6,042.77	-	-	-
Trade Payables	1,924.40	-	-	-

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

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

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

Level 3: Inputs based on unobservable market data.

B. Financial Risk Management

The Company's principal financial liabilities comprise Borrowing, trade payable and other unsecured Lendings. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets includes Customer Receivable, Investment and cash equivalents that derive directly from its operations.

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

a. Market Risk

(i) Foreign currency risk

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

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

(ii) Commodity Price Risk

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

b. Credit Risk

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

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

c. Liquidity Risk

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

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

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

(Rs. in Lakhs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Borrowings - Non Current		4,877.93	-	4,877.93
Borrowings - Current	6,042.77	-	-	6,042.77
Trade Payables	1,924.40	-	-	1,924.40
Total	7,967.17	4,877.93	-	12,845.10

Maturity profile of non-derivative financial liabilities as on 31st March, 2019

(Rs. in Lakhs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Borrowings - Non Current	-	3,000.00	-	3,000.00
Borrowings - Current	6,665.29	-	-	6,665.29
Trade Payables	3,844.91	-	-	3,844.91
Total	10,510.20	3,000.00	-	13,510.20