



July 23, 2024

To
Listing / Compliance Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001
Scrip Code: 543210

To
Listing / Compliance Department
National Stock Exchange of India Limited
"Exchange Plaza", Plot No. C/1,
G Block Bandra-Kurla Complex,
Bandra (E), Mumbai – 400 051
Symbol: AARTISURF

Dear Sir / Madam,

Subject: Annual Report for the Financial Year 2023-24 and Notice of the 6th Annual General Meeting of the Company

In accordance with Regulation 34 of the SEBI (LODR) Regulations, 2015, please find enclosed herewith the Annual Report of the Company for the Financial Year 2023-24, along with Notice of the 6th Annual General Meeting (AGM) of the Company scheduled to be held on **Wednesday, August 14, 2024 at 11:00 a.m. (IST)** through Video Conferencing (VC) / Other Audio Visual Means (OAVM). The AGM will be held without the physical presence of the Members at a common venue.

Further, in accordance with the MCA Circulars and SEBI Circulars, the Annual Report along with Notice of the AGM is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depository Participants.

The Notice of the 6th AGM along with annual Report of the Company for the Financial Year 2023-24 is available on the website of the Company at www.aarti-surfactants.com.

Kindly take note of the same.

Thanking You,

Yours faithfully,

For Aarti Surfactants Limited

Priyanka Chaurasia
Company Secretary
ICSI M. NO. A44258

www.aarti-surfactants.com | CIN : L24100MP2018PLC067037

Corporate Office : Unit 202, Plot 71, Udyog Kshetra, 2nd Floor, Mulund-Goregaon Link Road, Mulund (W),
Mumbai - 400 080. T : 022-67976666. | E : info@aarti-surfactants.com

Regd. Office : Plot No. 57, 58, 60 to 64, 62A, S-3/1, Sector 3, Sagore Village, Pithampur Industrial Area,
Dhar, Madhya Pradesh 454775



Annual Report 2023-24

Committed to Sustainable Tomorrow

Embracing opportunities |
Delivering excellence | Catalysing progress

Inside the report

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For more information, please, visit our website www.aarti-surfactants.com/about.htm

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04 Our extensive portfolio



02 Driving growth sustainably

Forward-Looking Statements

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

At Aarti Surfactants, we believe in ushering in sustainable transformations through an emphasis on clean chemistry. With a growing demand for eco-friendly products, we realise the importance of adopting a responsible approach. From strengthening our R&D efforts to facilitating the innovation of sustainable products and the implementation of eco-friendly practices across our manufacturing processes, we are determined to introduce greener solutions to the specialty surfactants industry.

Over the years, we have remained committed to develop novel surfactant formulations and cleaning solutions that minimise our environmental footprint and thereby, ensure the well-being of our planet. For us,

sustainability is a promise of a better tomorrow

that drives us to

deliver excellence, embrace emerging opportunities and realise synergies of growth.

It is this pledge to build a sustainable future that drives us to consistently innovate and introduce new and improved products that make a difference to people and the planet.



Aarti Surfactants

Driving growth sustainably

Aarti Surfactants Limited was incorporated in June, 2018. We specialise in the manufacturing of ionic and non-ionic surfactants alongside a variety of specialised products. Our comprehensive range of products serve a wide array of sectors such as home and personal care, industrial applications, agriculture and the oil industry.

We produce customised and eco-friendly surfactants used across different industries such as home care, personal care, hair care and many more. We currently operate two state-of-the-art manufacturing units, equipped with advanced machinery and superior technology to ensure the delivery of superior quality products. Moreover, our emphasis on research and development empowers us to consistently introduce innovative and sustainable solutions that meet evolving customer requirements.



Vision

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



Mission

Our mission is to deliver high-performance, sustainable surfactant products that meet the evolving needs of our customers. We are dedicated to innovation, quality, and environmental responsibility, ensuring our solutions are safe and effective. Through collaboration and continuous improvement, we aim to build lasting relationships and drive positive change in the industries we serve.

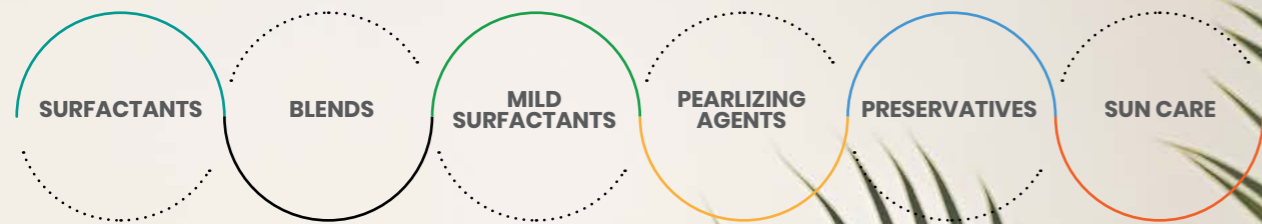


Product






Our extensive portfolio

We create customised blends according to customer specifications and guarantee timely delivery of these products using our extensive distribution network.







We manufacture a wide array of products including:



Our expansive range of products are used in:

-  Shampoos
-  Soaps
-  Hand wash
-  Detergent
-  Floor cleaners etc.

Our product offerings are required by industries such as:

-  Home care
-  Health care
-  Skin and Personal Care
-  Oral care
-  Baby care
-  Industrial/Factory Applications



Management's Letter



Dear Shareholders,

It is my honour to share with you the Annual Report for the financial year 2023-24. Reflecting on the past year, I am filled with immense pride and as I present another successful chapter in our journey. Committed to our core values of delivering excellence and sustainable growth, we have solidified our position as one of India's leading surfactants manufacturing companies.

Despite facing global challenges such as, economic uncertainties, geopolitical tensions in Russia and Ukraine, and supply chain disruptions, due to Red Sea Crisis, the Indian economy has shown remarkable resilience and robust growth in FY24. Our agility in responding to market changes, customer needs and competitive pressures has positioned us as a frontrunner in the surfactants industry. We are committed to embracing opportunities and catalysing progress while keeping sustainability at the forefront of our efforts.

Financial Performance

We are thrilled to report our strong financial performance for the year under review. In FY24 we achieved an EBITDA margin of 10.70%, a significant improvement from the previous year's 8%. Our revenue from operations reached INR 58,985.74 lakhs showcasing our consistent growth. Our net profit margin has also saw a remarkable increase, reaching 3.77% from 2.11% in the preceding year. This success is reflected in our earnings per share (EPS) which grew to INR 26.27 compared to INR 16.48 in FY23. Our robust operational efficiency is evident in the substantial increase in net cash from operating activities which reached INR 5,200.06 lakhs in this fiscal year, up from INR 2,432.49 lakhs the previous year. These impressive financial results are a testament to our commitment to operational excellence, strategic decision-making and adaptability to evolving market dynamics.

Operational Highlights

At the heart of our operations is a commitment to harnessing the power of automation and digitalisation. By implementing advanced systems, we streamline our processes, reduce waste through lean manufacturing techniques, and leverage energy-efficient technologies. Our strong supplier relationships and advanced inventory management systems enable us to maintain optimal stock levels while our

logistics optimisation strategies reduce costs and improve delivery times. By employing risk management practices, we can mitigate disruptions and ensure the continuity of our operations. Quality control is central to our operations and we adhere to stringent protocols and continuously monitor our processes to ensure the highest standards. Our commitment to regulatory compliance extends beyond industry standards, as we strive to be at the forefront of sustainable practices. We constantly invest in research and development, collaborating with academic institutions to explore new applications and enhance our product portfolio. Through our steadfast commitment to quality, sustainability and innovation we are confident that our operations will continue to drive excellence and deliver exceptional results ensuring customer satisfaction.

Sustainable Practices

At Aarti Surfactants, we are deeply committed to enhancing our sustainability efforts through a multifaceted approach aimed at reducing our environmental impact and fostering responsible business practices. We invest in research and development to expand our portfolio of bio-based and biodegradable surfactants, reducing reliance on fossil fuels, minimizing our carbon footprint and promoting environmentally friendly alternatives. Our resource efficiency initiatives optimise water and energy use, while our waste reduction strategies minimise landfill waste and promote recycling and reuse. Through product stewardship programs and lifecycle assessments, we evaluate

the environmental impacts of our products and promote responsible use and disposal practices among our customers. We have set targets to reduce greenhouse gas emissions and invested in technologies and practices that mitigate emissions and improve air quality. As an industry leader, we ensure compliance with environmental regulations and industry standards, advocate for sustainability practices and participate in industry initiatives and partnerships focused on environmental stewardship. Our comprehensive sustainability efforts, we aim to create long-term value for our stakeholders while safeguarding the planet for future generations.

Opportunities

Key trends and opportunities in the global and Indian surfactants market have influenced our strategy. We have observed a growing demand for sustainable and bio-based surfactants driven by consumer and regulatory preferences for environmentally friendly products. This trend has presents an opportunity to innovate and expand our product portfolio with more sustainable offerings. The increasing demand for personal care and home care products, fueled by changing lifestyles and rising disposable incomes has led us to enhance our product offerings and optimize our production capabilities. We monitor technological advancements in surfactant production and adapt our strategies to ensure enhance efficiency, ensure compliance and explore strategic alliances to strengthen our market position and expand our geographical reach. By

tracking global economic trends and market dynamics, as well as evolving consumer preferences, we optimise our pricing strategies, supply chain management and product development initiatives, to maintain competitiveness and meet the evolving needs of our customers.

Future Outlook

As we navigate through a dynamic market landscape, our commitment to innovation, sustainability and value creation remains unwavering. We are at the forefront of developing eco-friendly offerings, actively exploring new markets for expansion, enhancing operational efficiency, prioritizing customer satisfaction and maintaining a robust financial position. By capitalising on these key aspects, we are confident in our ability to deliver sustainable growth and shape a brighter future for all our stakeholders.

Before signing off, I want to express my heartfelt gratitude to all stakeholders for your continued support and collaboration. Together, we have achieved significant milestones but there is still much more to accomplish as we embark on this new journey. Here's to a future filled with innovation, growth and shared success.

Warm Regards,

Mr. Nikhil Parimal Desai
CEO and Managing Director



We constantly invest in research and development, collaborating with academic institutions to explore new applications and enhance our product portfolio.



Chairman's Letter



This success is not just a milestone but a reflection of our ongoing commitment to sustainable growth and exceptional value for our stakeholders. We are enthusiastic about continuing this momentum, driven by our strategic vision and adaptability.

Dear Shareholders,

It gives me immense pleasure to share the highlights of this past year, a period marked by continuous evolution and growth. This year, we have focused on not just catalysing growth not just for the Company but for each of our valued stakeholders. By leveraging new technologies and seizing emerging opportunities, we developed specialised surfactants, diversified our product portfolio and met the varied needs of our clients, all while focusing on sustainability.

Our robust financials, characterised by strong profitability and healthy margins are a testament to our success. This success is not just a milestone but a reflection of our ongoing commitment to sustainable growth and exceptional value for our stakeholders. We are enthusiastic about continuing this momentum, driven by our strategic vision and adaptability.

A cornerstone of our operational excellence is the embrace of automation and digitalisation systems across our manufacturing facilities. These state-of-the-art technologies have been instrumental in streamlining our processes, boosting efficiency and fostering innovation. By integrating lean manufacturing practices, we have effectively identified and eliminated waste, optimised the utilisation of our resources and continuously improved our production processes.

Sustainability remains at the heart of our operations. We are proud of the strides we have made in adopting eco-friendly practices. From energy efficient technologies to robust waste management systems and innovative water conservation techniques, our efforts are geared towards not only protecting the environment but also reinforcing our position as a responsible and forward-thinking industry leader.

Our growth strategy around three key pillars, namely, operational excellence, a customer-centric approach and financial strength. By harnessing advanced technologies and committing to continuous improvement, we are enhancing our supply chain efficiency and delivering exceptional value to our customers. Our ambition to expand, particularly in the Asia-Pacific region, involves thorough market research, strategic partnerships and targeted marketing campaigns. We understand that our success hinges on strong relationships, which is why we prioritise customer satisfaction and long-term partnerships

that build loyalty. Our solid strong financial position empowers us to seize new growth opportunities and consistently deliver value to our shareholders.

At the core of our leadership philosophy is a commitment to empowerment, transparency in communication and ethical behaviour. We believe in nurturing an environment where employees feel valued and motivated. By unlocking their full potential, we drive our growth and reach newer heights of success.



At the core of our leadership philosophy is a commitment to empowerment, transparency in communication and ethical behaviour.



Looking ahead, we are genuinely excited about the opportunities that lie ahead for Aarti Surfactants. We are confident in our ability to navigate challenges, embrace new possibilities, and shape a sustainable future. I want to express my sincere gratitude to each one of our stakeholders for being an integral part of our journey. We sincerely appreciate your continued patronage and look forward to achieving even greater success, together.

Warm Regards,

Mr. Mulesh Manilal Savla

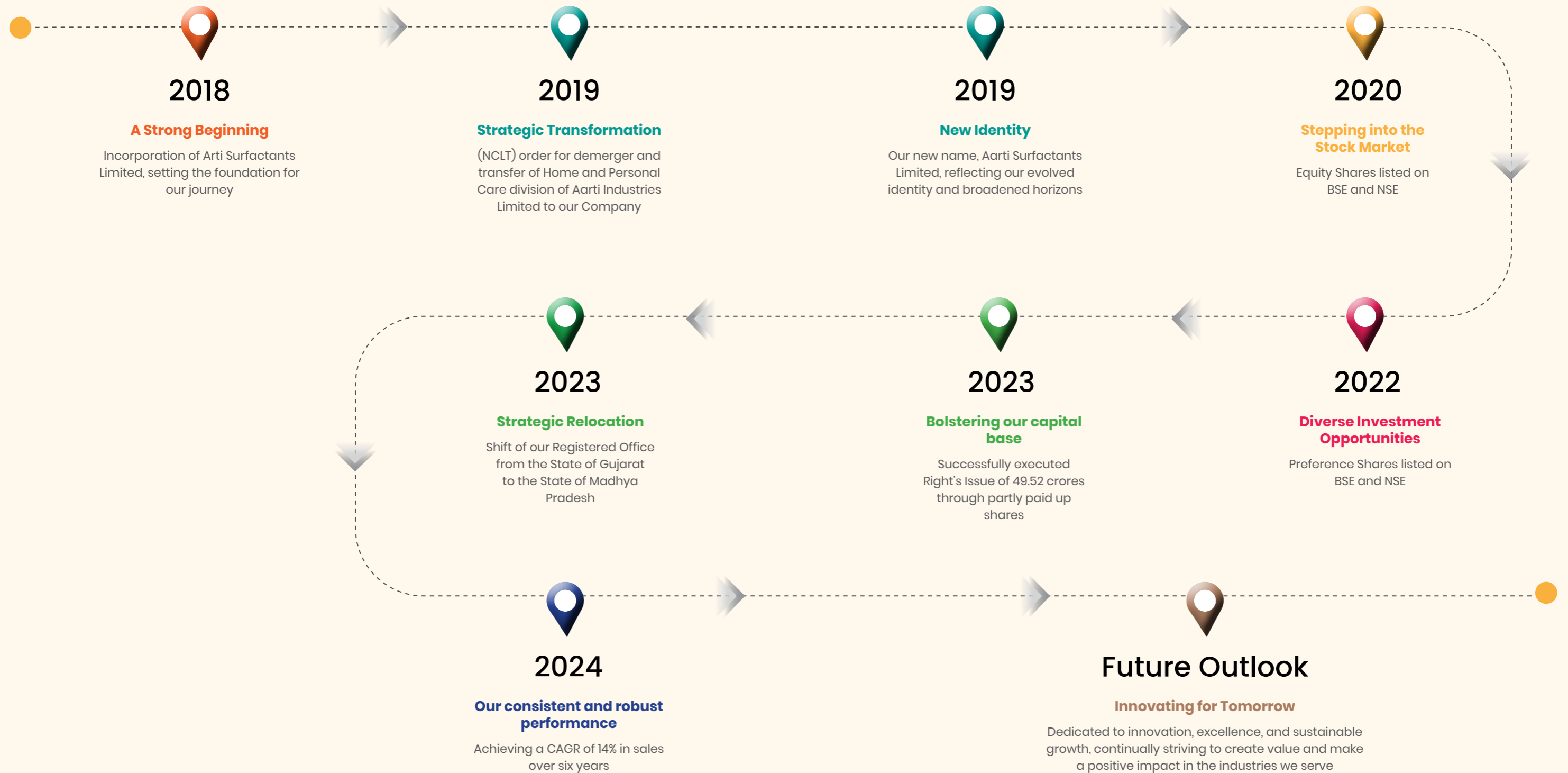
Chairman



Nationwide Footprint



Our Journey



Driving Innovation, Delivering Excellence

At Aarti Surfactants Limited, we are dedicated to continuous innovation as the cornerstone of our industry leadership and sustainable growth. Our commitment is encapsulated in our motto: “Turning visionary ideas into transformative innovations.”

We prioritize innovation by harnessing advanced manufacturing technologies and embracing process intensification. This approach propels us towards operational excellence, ensuring efficiency and agility in our operations.

We excel in bridging the gap between fundamental research and practical applications. By fostering collaboration and innovation, we seamlessly integrate cutting-edge discoveries into real-world solutions.

Our mission is to redefine the possibilities in science and technology. We deliver impactful results that drive progress in our field, setting new standards and inspiring industry-wide advancements.

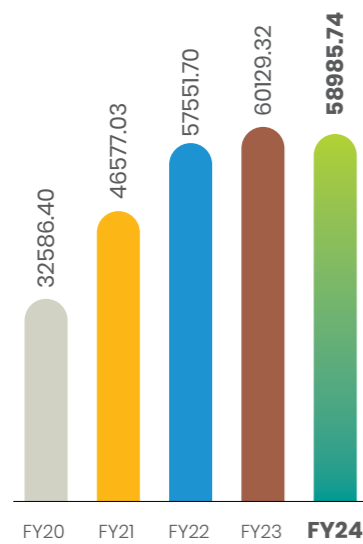
We cultivate a collaborative environment where diverse ideas and expertise converge to achieve common goals. This synergy fuels our innovation engine, propelling us towards unparalleled success.



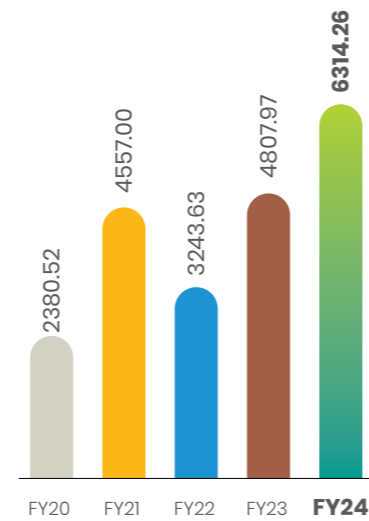
Mapping our progress

Key Financial Highlights

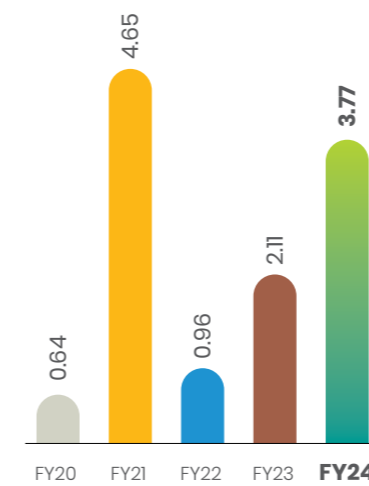
Revenue from operations
(₹ in Lakhs)



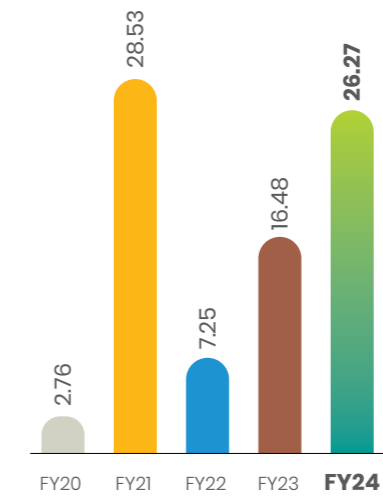
EBITDA
(₹ in Lakhs)



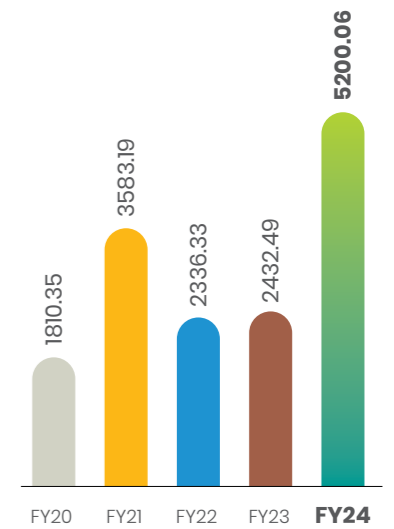
Net Profit Margin
(%)



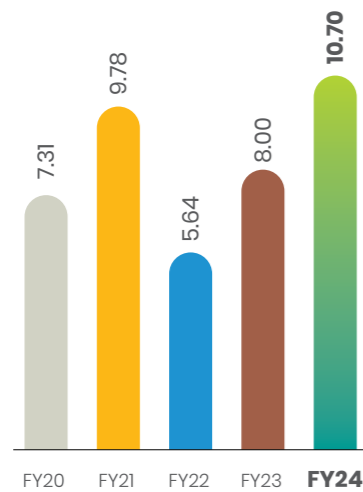
Earnings per share
(₹)



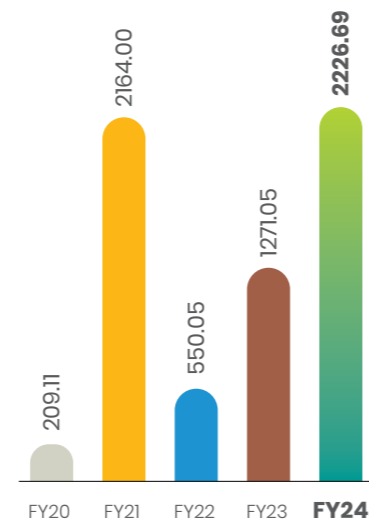
Net cash from operating activities
(₹ in Lakhs)



EBIDTA Margin
(%)

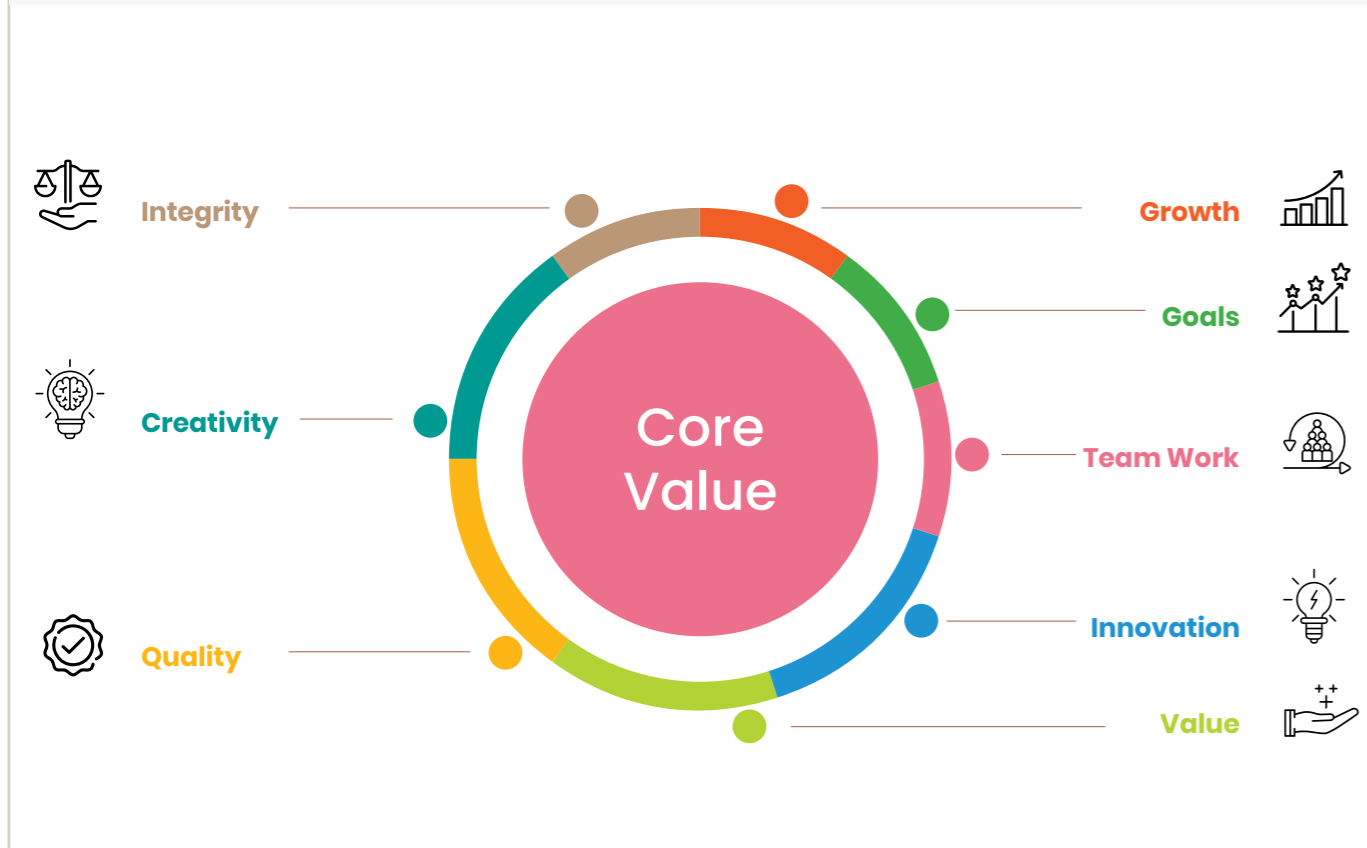


Net Profit
(₹ in Lakhs)



How we Create Values

<p>Customer Focus Understand customer needs and enhance their experience.</p>	<p>Innovation Develop new products and streamline processes.</p>	<p>Operational Excellence Implement lean practices and leverage technology.</p>	<p>Employee Engagement Invest in training and foster a collaborative culture.</p>
<p>Sustainability and ESG Adopt sustainable practices and maintain transparency.</p>	<p>Financial Management Optimize costs, grow revenue, and manage capital efficiently.</p>	<p>Strategic Partnerships Form alliances and optimize the supply chain.</p>	<p>Brand and Reputation Build a strong brand and ensure product quality.</p>



Stakeholder Engagement

	Mode of Engagement	Purpose & Scope of Engagement	Frequency
<p>Clients</p>	<ul style="list-style-type: none"> Direct Communication Feedback Sessions Trade Shows Conferences 	<ul style="list-style-type: none"> Understand Customer Needs Gather Feedback Discuss Collaborations Identify Improvements 	<ul style="list-style-type: none"> Regularly Depending on Project/ Customer Needs
<p>Employees</p>	<ul style="list-style-type: none"> Internal Meetings Training Sessions Employee Surveys 	<ul style="list-style-type: none"> Communicate Company Goals Gather Feedback Ensure Alignment Support Professional Development 	<ul style="list-style-type: none"> Periodically Based on Schedules and Events
<p>Investors / Shareholders</p>	<ul style="list-style-type: none"> Annual General Meetings Financial Reports Newsletters 	<ul style="list-style-type: none"> Provide updates on Performance Discuss Financial Results Outline Business 	<ul style="list-style-type: none"> Quarterly Annually As Needed
<p>Regulatory Authorities</p>	<ul style="list-style-type: none"> Compliance Reports Meetings Official Correspondence 	<ul style="list-style-type: none"> Ensure Adherence to Legal and Regulatory Requirements Stay Informed about Regulatory Changes 	<ul style="list-style-type: none"> As required by Regulatory Bodies and Laws
<p>Financial Institutions And Rating Agencies</p>	<ul style="list-style-type: none"> Financial Disclosures Performance Reports Meetings 	<ul style="list-style-type: none"> Maintain Transparency Regarding Financial Health Secure Favorable Credit Ratings and Financing Terms 	<ul style="list-style-type: none"> Regularly Aligned with Financial Reporting Periods
<p>Local Communities & NGOs</p>	<ul style="list-style-type: none"> Community Meetings Sponsorships Partnerships 	<ul style="list-style-type: none"> Foster Good Community Relations Support Local Initiatives Ensure Corporate Social Responsibility 	<ul style="list-style-type: none"> Regularly Based on Community Needs and Company Initiatives
<p>Distribution Partners & Key Collaborators</p>	<ul style="list-style-type: none"> Partnership Meetings Joint Planning Sessions Collaboration Platforms 	<ul style="list-style-type: none"> Coordinate Efforts Align on Mutual Goals Optimize Supply Chain And Distribution Networks 	<ul style="list-style-type: none"> Regularly Based on Project Timelines And Business Cycles

People

Building an engaged and empowered workforce -

“Engagement is not a program, but a journey we embark on together to achieve excellence.”

Fostering a Conducive Working Environment

At our company, we prioritize creating a nurturing and supportive working environment. By promoting both professional and personal growth, we offer numerous opportunities for skill development and a healthy work-life balance. Our commitment to efficiency and teamwork is evident in our training programs and employee engagement initiatives.

We are dedicated to cultivating a diverse and inclusive work culture, ensuring equal opportunities for all individuals. Our initiatives aim to make every employee feel valued and supported in their career journeys.

Recognizing the importance of well-being, we organize regular health check-ups and various initiatives to promote overall health and wellness among our employees.

Our comprehensive career development programs have significantly benefited many employees, supporting their growth through:

Training and Workshops

Continuous learning opportunities to enhance skills and knowledge.

Career Pathing

Structured career plans to help employees achieve their professional goals.

Recognition and Rewards

Programs to acknowledge and reward outstanding contributions and achievements.

Mentoring and Coaching

Personalized guidance to help employees navigate their career paths.

Networking Opportunities

Platforms for employees to connect and collaborate with peers and industry leaders.

Leadership Development

Training programs aimed at cultivating the next generation of leaders.

Educational Support

Assistance with further education and professional certifications.

Work-Life Balance Support

Initiatives to ensure a healthy balance between work and personal life.

Our holistic approach ensures that employees not only excel in their roles but also feel supported and valued in their personal development journeys.

Employee Engagement



Cricket Tournament



AIDS Mitigation Day



Safety week Celebration



Fancy Dress Competition



Fancy Dress Competition



Quiz Competition

Safety Initiatives

"At ASL, safety isn't just a priority; it's a core value embedded in everything we do."

- ASL actively supports and promotes our safety initiatives, demonstrating a commitment to prioritizing the well-being of our workforce.
- We customize safety training programs to address specific risks and job roles within our organization, ensuring relevance and effectiveness.
- We conduct periodic reviews of our training materials and techniques to incorporate new regulations, best practices, and lessons learned from incidents or near misses.
- We establish metrics to track the effectiveness of our safety training programs, including incident rates, near misses, and employee feedback.
- We encourage active employee participation in safety committees and feedback sessions to continuously improve our safety practices.



79
Training Programmes



76 hours
Total Training Hours



35
No. of Trainers

Focused on a Sustainable Tomorrow Prioritising ESG initiatives

At Aarti Surfactants, we remain committed to build a sustainable future through concerted effort. From adopting environment-friendly initiatives to encouraging community welfare and good governance across the organisation, we believe in strengthening the foundation of a future-focused organisation. It empowers us to usher in meaningful change and make a difference to people and the planet.





Environment

Recognising the urgent requirement to reduce their environmental footprint, businesses around the world continue to pursue sustainability drives. At Aarti Surfactants, we realise the importance of minimising our carbon footprint and therefore, undertake several initiatives for reducing carbon print. We have increased the use of solar and wind energy, improved energy efficiency across our operations and continue to track greenhouse gas emissions.

It has resulted in significant energy and water conservation. Besides, we have undertaken efforts to manage chemical waste from our facilities. We also ensure proper disposal of hazardous waste through authorised vendors. To pursue our sustainability strategy, we have invested in green technologies and adopted efficient manufacturing processes.

FUTURE PLANS

Renewable Energy

Increasing dependence on renewable energy sources.

Carbon Neutrality

Aim to achieve carbon neutrality by 2030.

Transparency

Enhanced sustainability reporting and transparency.



Social

As a responsible corporate entity, we prioritise community development to drive inclusive and sustainable growth. We engage with local communities through various programmes aimed at improving social welfare, education, healthcare and environmental sustainability.

We undertake the following initiatives to ensure the well-being of our people.

- Partnering with local non-profits to address community needs.
- Supporting local schools and educational institutes to improve learning opportunities.
- Collaboration with local government bodies to provide educational resources and scholarships to underprivileged students.
- Organisation of free medical camps in rural areas, in association with local government agencies.
- Sponsoring environmental clean-up drives and tree-planting drives.

"MPAKVN has allocated a dedicated green zone area for tree plantation and greenary maintenance. Through organized tree-planting drives, approximately 5018 trees have been planted within the Green Zone Area and across our plant premises. This initiative underscores our commitment to environmental sustainability and enhancing the green landscape of our facilities."



CSR

Key CSR activities

Through our Corporate Social Responsibility initiatives, we strive to empower local communities and fulfil the needs of marginalised people.

- Launched a health programme to prevent disease and ensure well-being of people.
- Organised skill development programmes to empower local youth and unemployed individuals.
- Implemented sustainability initiative for reducing the company's carbon footprint.
- Undertook various animal welfare activities to promote the well-being and protection of animals in the community.
- Conducted educational workshops and provided resources to schools in underserved areas.



Educational Support Initiative



Education Initiative at Mahavidhyalaya



Promoting Healthcare Activities



Promoting Healthcare Activities



Donation Camp in Schools



Governance



At Aarti Surfactants, we consider corporate governance and ethical integrity as foundational to our business ethos. Guided by our Board of Directors and senior management, we consistently scrutinize and uphold governance principles to ensure the highest standards of transparency, accountability, and responsible decision-making across all facets of our operations.

Our comprehensive risk management framework is pivotal in identifying, assessing, and mitigating risks proactively. This framework not only protects the interests of our stakeholders but also fortifies our resilience in the face of evolving challenges.

Regular internal and external audits are integral to our governance strategy, affirming our commitment to strict adherence to regulatory requirements and industry best practices. These audits rigorously evaluate the implementation and effectiveness of our policies, including our Foreign Exchange Hedging Policy, Code of Conduct, and Policy on Determination of Materiality of Event, ensuring they remain robust and aligned with prevailing standards.

Central to our ethical framework is our Whistleblower Policy, which provides a secure and confidential mechanism for reporting unethical behaviour. This policy underscores our unwavering dedication to

fostering a workplace culture where integrity and ethical conduct are non-negotiable. Employees are encouraged to speak up without fear of retaliation, reinforcing our commitment to accountability and fairness.

By embracing these principles, we aim not only to build trust and confidence among our stakeholders but also to drive sustainable growth and create enduring value for our shareholders, employees, and the communities we serve. Our steadfast adherence to these values defines our identity and guides our path forward as a responsible corporate citizen.

Certifications



ISO (9001:2015)



HALAL



RSPO



KOSHER



EFFCI



COSMOS CERTIFIED



Board of Directors



Mr. Mulesh Manilal Savla
Chairman and
Independent Director



Mr. Nikhil Parimal Desai
CEO and
Managing Director



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



Ms. Misha Bharat Gala
Independent Director



Mr. Dattatray Sidram Galpalli
Non-Executive Director



Mr. Santosh Kakade
Whole-time Director

Corporate Information

Chairman & Independent Director

Mr. Mulesh Manilal Savla

CEO & Managing Director

Mr. Nikhil Parimal Desai

Executive Director

Mr. Santosh Madhaorao Kakade

Non-Executive Directors

Mr. Chandrakant Vallabhaji Gogri

Mr. Dattatray Sidram Galpalli

Independent Director

Mrs. Misha Bharat Gala

Chief Financial Officer

Mr. Nitesh Harakchand Medh

Company Secretary

Mrs. Priyanka Alok Chuarasia

Statutory Auditors

Gokhale & Sathe,
Chartered Accountants

Secretarial Auditor

Sunil M Dedhia & Co.
Practicing Company Secretary

Registrar & Share Transfer Agent

Link Intime India Private Limited

C 101, 247 Park, L.B.S. Marg, Vikhroli (West),
Mumbai - 400 083, Maharashtra.

Tel No: +91 22 49186000

Fax: +91 22 49186060

Bankers

SVC Co-operative Bank Limited
Hongkong Shanghai Banking Corporation

Registered Office

Plot no 57, 58, 60 to 64, 62A, S-3/1,
Sector-3, Sagore Village, Pithampur
Industrial Area, District Dhar, Madhya
Pradesh - 454775

Corporate Office

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

Corporate Identification Number

L24100MP2018PLC067037

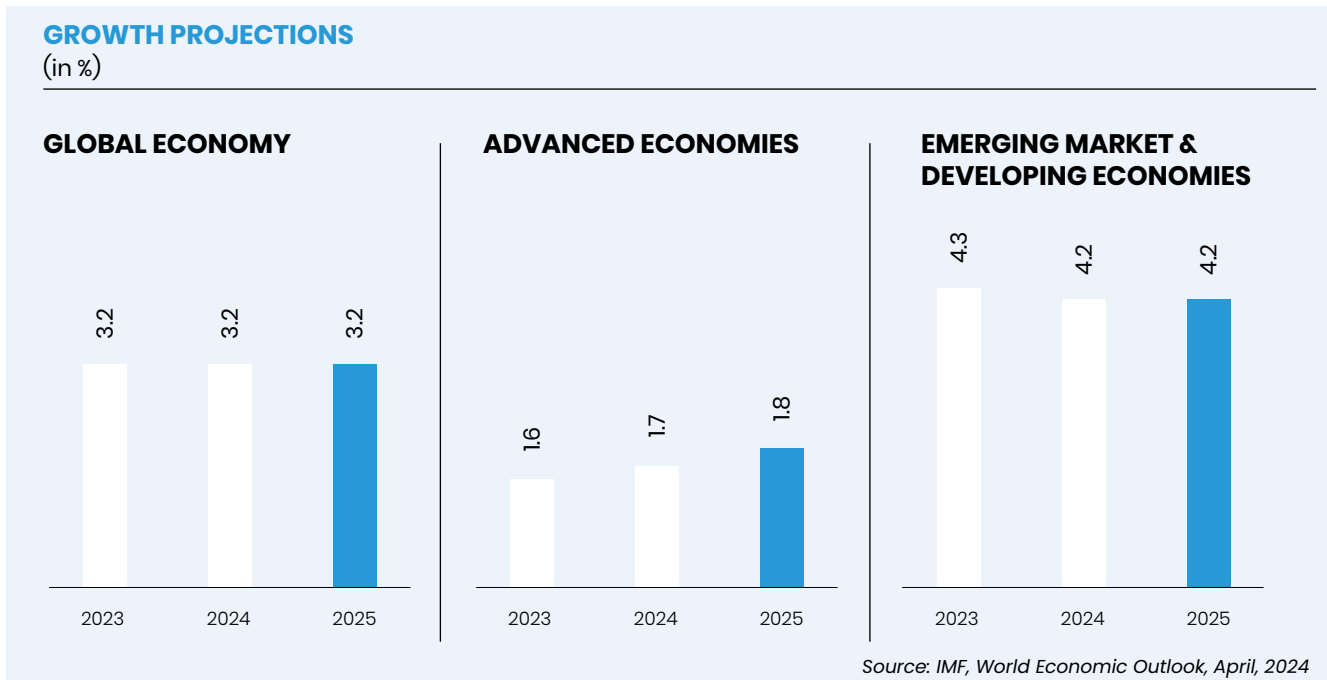
Management Discussion and Analysis

Global economic overview

In CY 2023, the global economy experienced a period of muted growth of 3.2%¹ due to persistent geopolitical challenges resulting in global energy and food crises, fluctuating commodity prices and rising inflation. While central banks resorted to calibrated interest rate hikes to rein in inflation, its impact weighed upon global growth. However, effective monetary policies and resilience of economies worldwide prevented a global recession, with inflation moderating towards the end of the year.

Despite navigating various headwinds, emerging markets showed relatively stronger growth compared to advanced economies. The US economy grew by 2.5%¹, buoyed by strong consumer spending and increased government expenditure. On the other hand, the European Union saw modest growth of 0.8% and 0.9% in the Euro area², influenced by internal policies and external risks. Among the emerging markets and developing economies, China recorded a sluggish growth of 5.2%¹, rattled by real estate issues and low consumer confidence.

Real GDP Growth, Percentage Change



Outlook

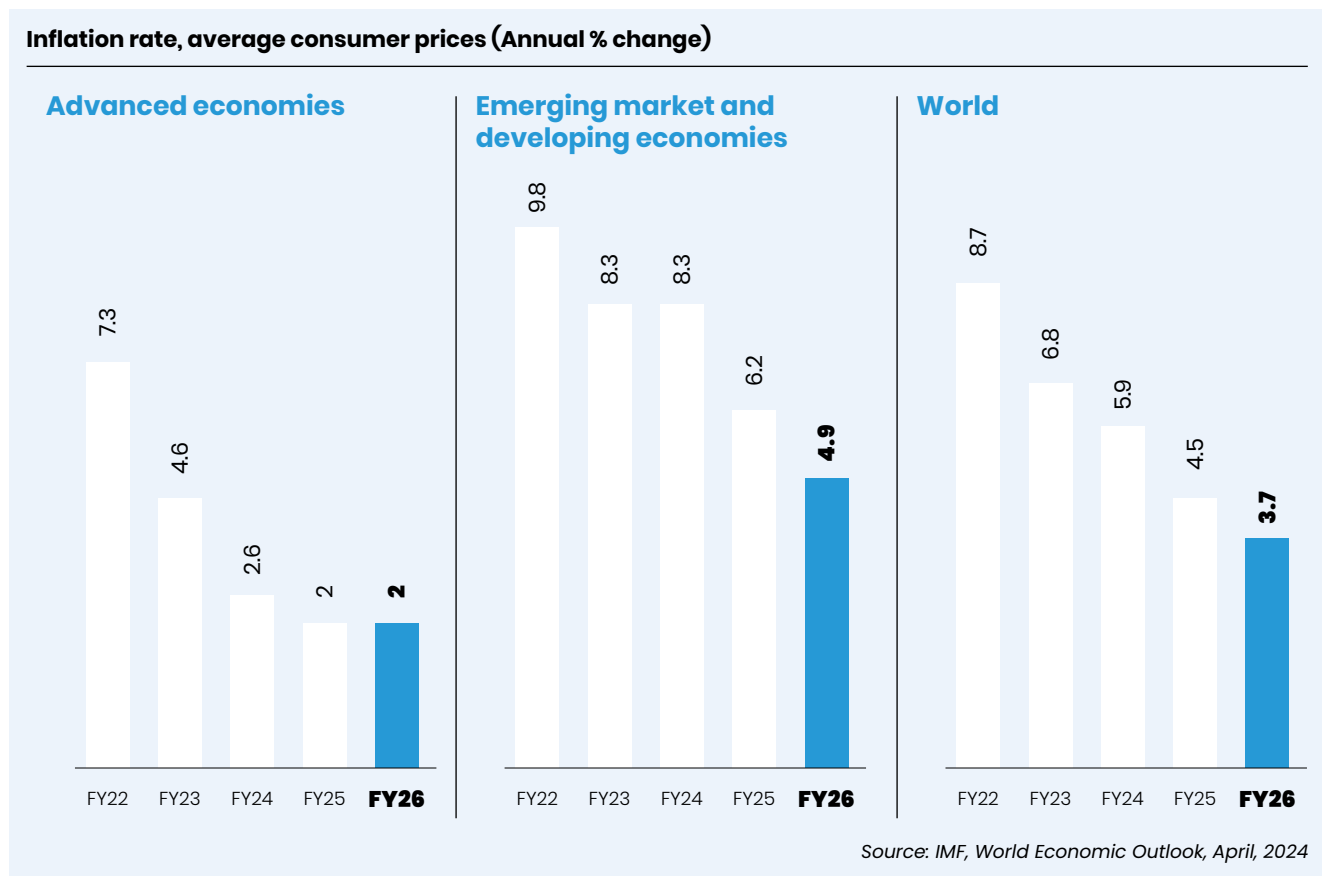
The global economy is expected to sustain its growth rate at 3.2% in CY 2024 and CY 2025. While the projection falls below the historical levels, this estimate reflects the resilience of the global economy to endure the macroeconomic challenges. Further, inflation is predicted to decrease gradually, from 6.8%¹ in 2023 to 5.9% in 2024, and further to 4.5% by 2025¹. With inflation steadily declining faster-than-anticipated in most regions, economic activities are expected to slowly gain momentum, reducing the risk of financial instability.

¹ [World Economic Outlook, April 2024: Steady but Slow: Resilience amid Divergence \(imf.org\)](https://www.imf.org/en/Publications/WEO/Issues/2024/04/01/wEO-apr-24)

² https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/spring-2023-economic-forecast-improved-outlook-amid-persistent-challenges_en



Easing monetary policies from major central banks, a strong labour market, increased manufacturing activities and rising household incomes are expected to play a major role in sustaining economic growth in the coming years. However, challenges such as evolving trade patterns and fluctuating cross-border investments pose as significant challenges for the global economy.



Indian economic review

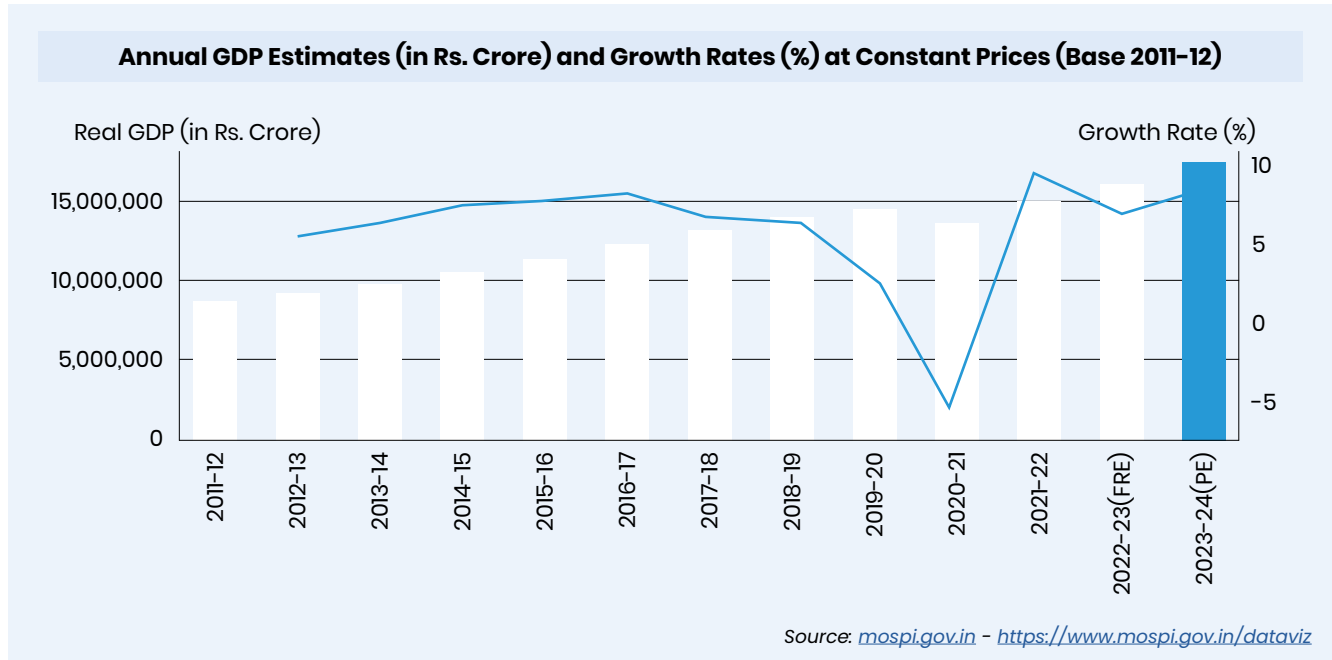
In FY24, India achieved a remarkable growth rate despite a sluggish global economy. According to the estimates of National Statistical Office (NSO), India’s economy has expanded 7.8% in Q4, lifting the growth rate of FY24 to 8.2%³. This remarkable performance, amid global challenges, positions India as the fastest-growing economy among major advanced and emerging markets. Effective fiscal management, with a focus on fiscal consolidation, supported growth of capital expenditure from ₹10.5 lakh crore in FY23 to ₹12.7 lakh crore in FY24⁴. The emphasis on public capital spending not only attracted private investments but also bolstered overall demand.

³ <https://pib.gov.in/PressReleaseDetailm.aspx?PRID=2022323>

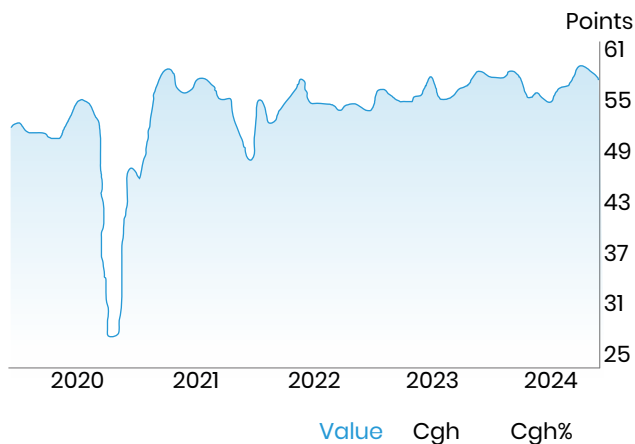
⁴ https://www.indiabudget.gov.in/doc/Budget_at_Glance/budget_at_a_glance.pdf



Positive economic indicators, such as credit growth, GST collections and the Purchasing Managers' Index (PMI) for manufacturing and services sector, indicate a healthy economic trajectory. The manufacturing PMI consistently remained above 50, showing strong sectoral growth. Overall, India's strategy of enhancing public capital expenditure while maintaining fiscal discipline has established a solid foundation for continued growth and stability in the coming years.



India Manufacturing PMI



[India Manufacturing PMI \(tradingeconomics.com\)](https://tradingeconomics.com).

Outlook

The Indian economy is expected to maintain its positive growth momentum in the forthcoming financial years as well⁵. Substantial public and private investments in key infrastructure projects are anticipated to stimulate economic activity in sectors such as transportation, housing and urban development.

With the anticipated improvements in global economic conditions, followed by adoption of more accommodative monetary policies by central banks in developed countries, it is expected to propel private investments and enhance India's export capabilities. Additionally, rising private consumption is projected to create significant demand across various consumer goods and industries, further accelerating economic growth.

⁵ <https://www.hindustantimes.com/india-news/indian-economy-expected-to-achieve-higher-than-7-growth-in-2024-25-ncar-101714402859266.html>



Industry overview

Global Surfactants Market

In 2023, the global surfactants market was valued at USD 45.18 billion, with projections indicating growth to USD 47.36 billion in 2024 and reaching USD 70.13 billion by 2032 with a compound annual growth rate (CAGR) of 4.9%. This robust growth can be attributed to the increasing demand for personal care and household cleaning products, as well as expanding industrial applications⁶.

Surfactants' ability to reduce surface tension and improve the efficacy of detergents and cleaners, have made surfactants an integral component for myriad of products. With growing consumer awareness about the

ecological impact of chemical products and stringent environmental regulations, the market is witnessing a paradigm shift towards sustainable and bio-based surfactants. With industry key players innovating to stay ahead of the curve, increasing efficacy and affordability of surfactants are propelling the market growth. The industry players are focusing on the development of eco-friendly surfactants to meet the rising demand for sustainable products.

The Asia-Pacific region, particularly countries such as China and India, continues to dominate market growth, owing to rapid industrialisation, urbanisation and increasing consumer awareness regarding hygiene and personal care.

Key Macro Trends

Several macro trends are shaping the global surfactants market, influencing demand and driving innovation:

- Growth of the Packaging Industry:** With the increasing popularity of e-commerce platforms, the packaging industry has significantly benefitted from the rising demand, especially segments such as adhesives, inks and flexible packaging options. Additionally, in emerging economies such as India and Southeast Asia, there is a notable shift from plastic to board packaging materials, further fuelling demand for surfactants.
- Rise of Bio-Derived Surfactants:** With growing awareness about contributing towards a healthier future, bio-derived surfactants made from sources such as castor oil and natural fatty alcohols are gaining popularity. These surfactants are highly favoured for their superior biodegradability and compliance with strict environmental regulations in Europe and the United States.
- Agricultural Sector Shifts:** As the agricultural sector is transitioning towards adopting sustainable agriculture practices, it is increasing the usage of biopesticides, driving the demand for environmental-friendly surfactants such as alkyl polyglucosides and fatty alcohol ethoxylates.
- Transition to Electric Mobility:** With automotive industry shifting towards electric vehicles (EVs), it is transforming the market for metalworking fluids (MWFs) and lubricant additives. As the manufacturing process of EVs requires less oil, it has declined the demand of MWF, while simultaneously increasing the need for low-foaming systems and non-ionic emulsifiers suited for electric car production.

Dominance of the Asia-Pacific Market

In 2023, the Asia-Pacific region held a significant share of the global surfactants market, valued at USD 18.21 billion⁷. This dominance can be primarily attributed to the increasing demand for home care and personal care products from developing countries such as China, Japan and India. Furthermore, economic development and evolving consumer lifestyles are surging the demand for personal care products.

Additionally, a flexible labour market and low manufacturing costs in these emerging economies are prompting several industry players to shift their operations to the Asia-Pacific region, expanding their global presence while catalysing

⁶ <https://www.fortunebusinessinsights.com/surfactants-market-102385>

⁷ <https://www.fortunebusinessinsights.com/surfactants-market-102385>



their growth potential. Further, robust industrial base and favourable economic policies in this region propel market expansion.

Indian Surfactants Market

In FY 24, the Indian surfactants market was valued at USD 2.48 billion. It is anticipated that the market is projected to reach USD 5.05 billion by FY31, growing at a CAGR of 9.3%⁸. This growth can be attributed to the thriving economy, increasing urbanisation and rising disposable incomes. A growing middle-economic class, supported by rising awareness of hygiene and personal care and the growth of various end-use industries, are further anticipated to bolster the industry's growth.

The Indian surfactant market is highly competitive with key players consistently innovating to outperform their peers. Brands are setting high industry standards and diversifying their product portfolio to enhance consumer experience. Additionally, governmental policies aimed at augmenting manufacturing and promoting industrial growth are also providing a favourable environment for the surfactants market. Moreover, the rise of smart cities and infrastructure projects across the country is creating new demand for industrial and construction-related surfactants.

Industry-Specific Growth Trends



Home Care Industry

The Indian home care segment is witnessing significant growth due to increased consumer awareness about cleanliness and hygiene, especially in the post-pandemic era. In 2023, the industry was valued at USD 8.1 billion; it is anticipated that the market is expected to grow at a CAGR of 6.2% between 2025 and 2030⁹.

The rise of modern retail formats and increase in the popularity of e-commerce platforms have redefined the distribution of home and laundry care products. While traditional small local grocers account for dominant market share, the proliferation of supermarkets, hypermarkets and online retail platforms has also

provided consumers with better accessibility to a plethora of products, enabling more informed choices.

Product innovation and differentiation are the key trends in this market. Companies are introducing products with enhanced features to meet evolving consumer needs. With increasing hygiene awareness, there has been increase in demand for disinfectant and antibacterial cleaning products. Additionally, the industry is observing an enhanced preference for eco-friendly and sustainable products, surging the sales of items free from harmful chemicals and featuring biodegradable or recyclable packaging.



Hair Care Industry

India's hair care market is flourishing, with the industry expected to grow from USD 5.85 billion in 2024 to reach USD 8.93 billion by 2029, at a CAGR of 8.80%¹⁰. The increased emphasis on personal grooming and wellness has driven demand for hair care products. The industry is also witnessing consumers increasingly seeking products tailored to various hair types and mitigate specific concerns. The market has also recorded a paradigm shift towards organic and chemical-free formulations, surging the sales of natural and herbal products.



Skin and Personal Care Industry

The year under review recorded the Indian beauty and personal care market reach approximately USD 23.99 billion. It is projected that the market will grow at a CAGR of 10.8% between 2024 and 2032¹¹. A burgeoning population coupled with rising disposable incomes and rapid urbanisation, is driving the growth of the market.

The industry is observing a growing preference for multi-functional products that provide a plethora of benefits. Additionally, the emergence of indigenous direct-to-customer (D2C) beauty brands and the growing demand for premium products, have propelled the market growth.

⁸ <https://www.marketsanddata.com/industry-reports/india-surfactants-market>

⁹ <https://www.researchandmarkets.com/reports/5971365/india-home-and-laundry-care-market-edition>

¹⁰ [India Hair Care Products - Market Size & Industry Analysis \(mordorintelligence.com\)](https://www.mordorintelligence.com/industry-reports/india-hair-care-products-market-size-and-industry-analysis)

¹¹ [India Beauty and Personal Care Market Size, Share | 2032 \(expertmarketresearch.com\)](https://www.expertmarketresearch.com/india-beauty-and-personal-care-market-size-share-2023-2032)





Oral Care Industry

In 2023, the Indian oral care market was valued at USD 2,058 million. It is anticipated that the market will grow at a CAGR of 8.69%¹² in the upcoming years. The increasing focus on preventive dental care and development of innovative cosmetic dental solutions are driving the growth of the industry. Further, with increased awareness of oral health and hygiene, oral hygiene products sales are steadily gaining momentum. Key market players are also innovating their product portfolio to cater to the evolving market demands. Additionally, the introduction of advanced oral care technologies is further shaping the market landscape.



Baby Care Industry

The India baby care products market is expected to grow at a CAGR of 15.3% between 2024 and 2032, reaching USD 26.31 billion by 2032¹³. The segment is witnessing rapid transformation, facilitated by rising birth rates and increasing parental awareness of infant health and hygiene. This has resulted in a growing demand of products such as baby shampoos, lotions, powders and wipes. The market is also observing a growing shift towards organic and hypoallergenic products, perceived as safer and more suitable for delicate baby skin.



Industrial Surfactants

The Indian surfactants market was valued at USD 2.48 billion in FY2023 and is expected to grow to USD 5.05 billion by FY2031, with a CAGR of 9.3%¹⁴. This growth can be attributed to increased demand across various industrial applications, including oil and gas, pharmaceuticals, agrochemicals, construction and paints and coatings.

Oil Exploration: Oil exploration, both onshore and offshore, significantly drives surfactant demand in India as surfactants play a crucial role in oil exploration. Surfactants not only reduce friction and provide lubrication for smooth drilling operations, it also facilitates the flow of oil and gas through pipelines and equipment, especially in challenging offshore environments. With increase in oil exploration activities, it is expected to augment surfactant demand.

Pharmaceutical Industry: The pharmaceutical sector is one of the major drivers of the surfactant industry. As surfactants play a vital role in drug formulations, affecting efficacy, stability and delivery, the expansion of the pharmaceutical industry, it is surging the sales of surfactants. India is a major supplier of vaccines and generic medicine throughout the world. With the country aiming to bolster domestic and export demand, the surfactants industry is poised for further growth in the upcoming years.

Agrochemicals: Surfactants are widely used in the agrochemical sector as it enhances the effectiveness of pesticides and herbicides. With farmers adopting advanced agricultural practices and the growing necessity for higher crop yields, it is further propelling the demand for surfactants in the sector.

Company Overview

Aarti Surfactants Limited (ASL) is a leading Indian manufacturer of specialty chemicals, specialising in a diverse range of surfactants and related products. The Company's comprehensive product portfolio caters to diverse industries, offering a wide array of ionic and non-ionic surfactants, mild surfactants, rheology modifiers, pearling agents and other specialty ingredients.

¹² [India Oral Care Market Size, Share, Growth, Trend & Forecast 2026 | TechSci Research](#)

¹³ <https://www.expertmarketresearch.com/reports/india-baby-care-products-market>

¹⁴ <https://www.marketsanddata.com/industry-reports/india-surfactants-market>



These products find applications in numerous sectors, including:

Home Care

Laundry detergents, dishwashing liquids and surface cleaners

Hair Care

Shampoos, conditioners and styling products

Skin and Personal Care

Cleansers, moisturizers, sunscreens and other personal care products

Oral Care

Toothpaste, mouthwash and other oral care formulations

Baby Care

Shampoos, body washes, lotions and diaper rash creams

Industrial Applications

Agrochemicals, oilfield chemicals, textile processing and construction.

Manufacturing Infrastructure

Demonstrating robust manufacturing capabilities 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. Both of the facilities are equipped with latest technologies to aid business operations.

operations and growth and respond to changes in customer preferences



Management

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

Financial Overview

Particulars	₹ in Lakhs		
	FY 2023-24	FY 2022-23	% change
Revenue from operations	58,985.74	60,129.32	(0.02)
PBT	3,218.88	1,780.06	0.81
PAT	2,121.32	1,276.45	0.66

Ratio	FY 2023-24	FY 2022-23	Increase/Decrease	Explanation
Interest Coverage Ratio	4.49	3.23	Increase	Improvement is largely on account of improved profitability.
Operating Profit Margin	10.68%	7.95%	Increase	
Net Profit Margin	3.77%	2.11%	Increase	
Return on Net Worth	11.50%	8.36%	Increase	

Key Strengths

Experienced promoters and strong management team: The Company's extensive industry expertise and established track record enables them to make strategic decisions and adeptly navigate regulatory challenges. This proficiency facilitates the establishment of valuable partnerships, optimisation of production processes and maintenance of stringent quality control standards. Its experienced team leads the Company towards a sustainable growth and ensures profitability.

Strong financial performance: A strong financial performance results in an efficient cash flow, which can be allocated towards strategic investments such as R&D or expanding the production capacity. A track record of profitability can enhance investor confidence, potentially facilitating smoother access to capital for future growth.

Reducing dependence on import of raw materials: Reducing dependency on the import of raw materials shields the Company from fluctuations in global prices and potential disruptions in the supply chain. The Company can enhance profit margins and re-invest in domestic production. Emphasising on domestic sourcing can also fortify relationships with local suppliers, potentially resulting in improved quality and a more dependable supply chain.

Opportunities

Technological Advancements: Leveraging new technologies can help in the development of high-performance and specialised surfactants, diversifying product portfolio and meeting varied industrial needs.

Sustainability Focus: With increasing demand for sustainable solutions, developing eco-friendly and biodegradable surfactants enable adherence to environmental regulations and can attract environmentally conscious clients.

Pharmaceutical Growth: As the Indian pharmaceutical industry expands, it is expected to propel the demand for surfactants.

Agrochemical Expansion: Addressing the rising demand for surfactants in agrochemical formulations to enhance pesticide and herbicide efficiency, can open new revenue streams.

Strategic Partnerships: Forming alliances with diverse industries and research institutions can facilitate innovation, provide access to new technologies, enhance capabilities and open up new markets opportunities.

Geographic Expansion: As emerging economies undergo rapid transformation, following rapid industrialisation and urbanisation, it is projected to boost the growth of the surfactants industry.

Threats

Regulatory Challenges: Navigating complex and evolving environmental regulations can disrupt business operations, impact product development and prevent market entry.

Competitive Market: Intense competition from global and local surfactant manufacturers require continuous innovation and differentiation.

Pharmaceutical Growth: As the Indian pharmaceutical industry expands, it is expected to propel the demand for surfactants.

Raw Material Volatility: Fluctuations in raw material prices and availability could negatively impact profitability.

Supply Chain Disruptions: Potential disruptions in the supply chain could interrupt production schedules and delivery timelines.

Human Resources

Aarti Surfactants Limited (ASL) proudly acknowledges its employees as its most valuable asset. Recognizing the critical role that its workforce plays in delivering products and services synonymous with quality and excellence, the Company is committed to fostering a supportive and dynamic work environment.

ASL places a strong emphasis on creating a safe and conducive workplace that nurtures trust, transparency, and teamwork. The Company regularly conducts training workshops to enhance individual capabilities and improve operational efficiency, ensuring that employees stay current with the latest industry trends.

Employee well-being is a top priority at ASL, demonstrated by the implementation of stringent safety protocols and continuous safety training. The Company is dedicated to maintaining harmonious industrial relations and fostering professionalism and teamwork through comprehensive HR policies.

These initiatives collectively support both the personal and professional growth of employees, driving the consistent development of ASL's workforce. As of March 31, 2024, Aarti Surfactants Limited's total employee strength stood at 334, reflecting the Company's commitment to nurturing and expanding its talent base.

Risk Management

Risk Management at Aarti Surfactants is a continuous and dynamic process which includes identifying, assessing, measuring, and recommending mitigation plans/techniques for known risks. The primary objective of risk management is to help business teams make informed decisions and take proactive measures to manage and mitigate the risks effectively to ensure financial sustainability. This includes,

- a) Ensuring regulatory compliance on risk management and prudential norms set by Regulators and by the Board.
- b) Identifying the areas of risks involved in the business and suggest the method to measure/quantify the risks.

- c) Evaluating current controls and suggest enhancements/risk mitigants, if required, for identified risks.
- d) Monitoring the Risk Appetite thresholds approved by the board for the key risks.
- e) Envisaging emerging risk based on recent developments on the Regulatory and Economic front and evaluate the impact.

To enable efficient management of risk, an independent Risk Governance Structure, in line with regulations is in place. This is in the context of separation of duties and ensuring the independence of risk measurement, monitoring and control functions. The various risks across your company are monitored and reviewed through the Risk Management Committee (RMC). The RMC is a board level committee which meets regularly.

The six step of the Risk Management Process



Risks and Mitigations

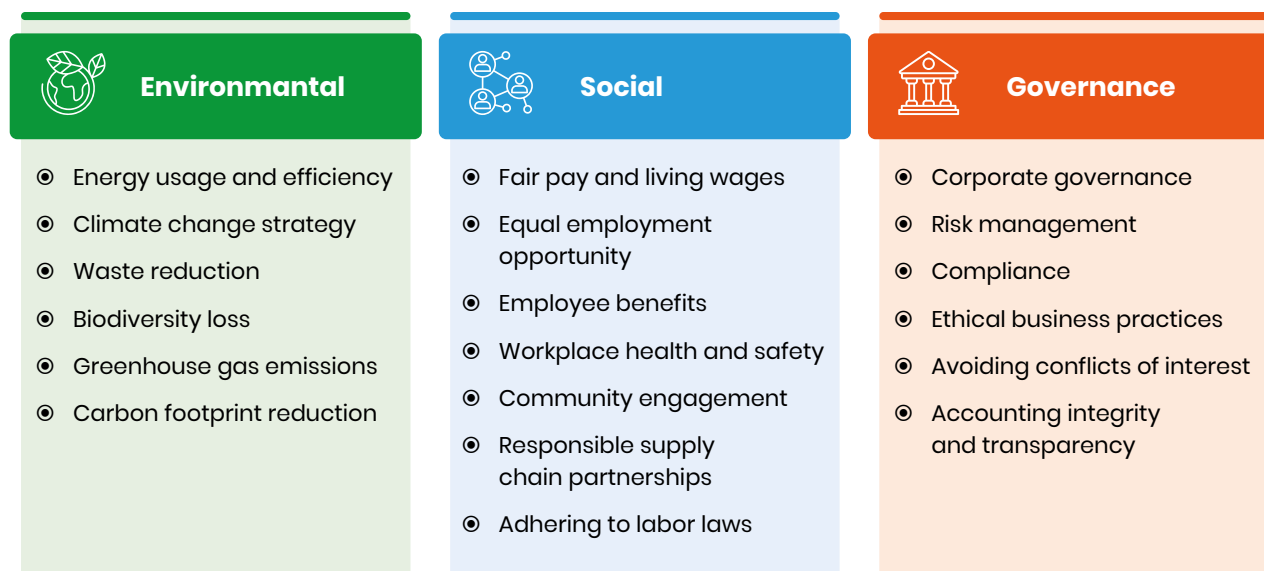
Risks		
<p>Risk of Competition, pricing pressure and government control on prices</p> <ul style="list-style-type: none"> ● The arrival of new competitors in established product categories intensifies competition, exerting pressure on the pricing. ● In certain nations, government regulations periodically control medicine prices, aiming to enhance affordability for the patients. 	<p>Impact on profitability and rendering some products unavailable at times.</p>	<ul style="list-style-type: none"> ● Expanding the current portfolio and introducing new products. ● Advancing in the product value chain and introducing complex products with substantial entry barriers to minimise new competition. ● Executing various cost optimisation strategies throughout the value chain.
<p>Risk related to economic and political situations</p> <p>Regular political shifts, including civil unrest and situations resembling warfare in various locations, affect the economic operations within those regions.</p>	<p>Considerable uncertainty surrounds the Company's operations in regions affected by political instability.</p>	<ul style="list-style-type: none"> ● Ongoing assessment of political and economic conditions around the world in order to limit exposure to the affected regions. ● Securing receivables via letters of credit or advance payments.
<p>Risk of regulatory actions due to noncompliance of quality standards</p> <p>Failure to adhere to regulations in specific regions affect the Company's presence in those areas.</p>	<ul style="list-style-type: none"> ● Regulatory penalties or compliance notices issued by authorities and customers. ● Damage to reputation posing a threat to future operations. 	<ul style="list-style-type: none"> ● Ongoing assessment of relevant regulations to maintain compliance consistently. ● Fostering a solid quality culture throughout the organisation and integrating new technologies and automation for enhanced compliance. ● Taking measures to enhance systems and processes in response to regulatory actions taken against other entities.
<p>Risk of litigation related to intellectual properties</p> <p>Legal disputes may arise from infringement of patents owned by innovators.</p> <p>Litigation with tax authorities can occur due to differing interpretations of various provisions stemming from frequent changes in tax laws.</p>	<p>Launching products may be deterred due to patents held by innovators.</p>	<ul style="list-style-type: none"> ● Introducing a review mechanism to assess potential infringement of intellectual property rights before initiating development and filing dossiers. ● Ensuring adherence to diverse statutory requirements.
<p>Risk of Market Volatility in Raw Materials</p>	<ul style="list-style-type: none"> ● Unexpected price hikes for the raw material could erode profit margins and impact overall financial performance. ● High market volatility can introduce uncertainty into production planning and budgeting, making it challenging to maintain efficient operations. 	<p>Aarti Surfactants is continuously evaluating its production processes and exploring ways to improve resource efficiency. This can help reduce the overall impact of raw material price fluctuations on production costs.</p>

Risks		
<p>Risk of delay in new product approvals</p> <p>Delay in the launch of newly developed products</p>	<p>It affects the growth and profitability of operations in various markets.</p>	<ul style="list-style-type: none"> ⦿ Implementing a mechanism to thoroughly review all new product dossiers prior to submission to regulatory authorities. ⦿ Promptly addressing queries raised by regulators regarding product dossiers to accelerate approvals.
<p>Risk of international operations including forex risk</p> <p>Operating in various geographic locations exposes the company to fluctuations in currencies across different countries.</p>	<p>The Company's growth, profitability, investments and foreign currency debt obligations fluctuate in response to currency fluctuations.</p>	<p>Implementing a suitable hedging strategy to protect against unfavourable currency fluctuations.</p>
<p>Risk of cyber-attack on digital infrastructure</p> <p>Disruption to the Company's operations resulting from a cybersecurity breach on its digital infrastructure.</p>	<p>Financial, operational and reputational loss.</p>	<p>Initiating efforts to reduce operational and strategic risk profiles and promptly address emerging risks across all business areas.</p>
<p>Risk of supply chain vulnerability</p> <p>Increased costs of raw materials, utilities and logistics.</p> <p>Supply chain disruptions due to geopolitical and socio-economic threats.</p>	<p>Substantial impact on profitability due to rising costs of raw materials, utilities and logistics.</p> <p>Inability to meet global customers' demand.</p>	<ul style="list-style-type: none"> ⦿ Identifying critical excipients and other inputs and continuously monitoring pricing trends to make informed purchasing decisions and mitigate cost increases. ⦿ Identifying alternative vendors for essential raw materials and nurturing domestic suppliers in India to enhance cost, quality and supply control. ⦿ Ensuring a pragmatic approach to valuation and conducting thorough evaluation and due diligence on all aspects of the project. ⦿ Regularly monitoring the implementation of key strategies and the achievement of milestones compared to the plan. ⦿ Maintaining discipline in investments and debt procurement.
<p>Risk of failure to achieve the objectives of large projects</p> <p>Failure or delay in accomplishing objectives of major inorganic opportunities or capital projects.</p>	<p>Significant impact on profitability and return on investments.</p>	<ul style="list-style-type: none"> ⦿ Ensuring a pragmatic approach to valuation and conducting thorough evaluation and due diligence on all aspects of the project. ⦿ Regularly monitoring the implementation of key strategies and the achievement of milestones compared to the plan. ⦿ Maintaining discipline in investments and debt procurement.

Environmental, Social and Governance (ESG)

ESG is gaining wider traction the world over – sustainability in operations is becoming a prerequisite for functioning rather than a hygiene factor. Our Company has taken an early lead and has demonstrated transparency in its governance with adequate disclosures, green initiatives, and digitalization of processes

3 pillars of ESG



Internal Control Systems and Internal Audit

The Company has an adequate internal Control System to ensure adherence to the company's policies and procedures, compliance with applicable laws and regulations, to ensure that management information and financial reporting are correct, reliable, and complete, to enable the detection and prevention of fraud and errors and to safeguard the company assets against loss from unauthorised use or disposition, amongst others. Further, the internal control system is commensurate with the size of the business as well as the industry in which the Company operates. The framework endorses ethical values, good corporate governance, and risk management practices. The Company has appointed Internal Auditors to ensure compliance with the company's policies and procedures and compliance with applicable laws and regulations. The Audit Committee of the Board reviews the performance of the internal audit, the adequacy of the internal control systems and compliance with regulatory guidelines. The Audit Committee also provides necessary oversight, gives recommendations, and monitors the implementation of such recommendations.

The internal audit is performed as per the Annual Audit plan approved by the Audit Committee of the Board. The Company has a Risk-based Internal Audit process covering Plants and HO processes which is commensurate with the size and nature of its business. Observations and recommendations from the Internal Audit review are placed before the Audit Committee. Agreed actionable are monitored till closure and the status of the actionable are presented to the Audit Committee periodically.



Cautionary Statement

The statements made in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand-supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the government regulations, tax laws and other statutes and other incidental factors.

Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results, and events to differ materially from those expressed in the forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements based on any subsequent developments.

Board's Report

To the Members,

Your Board of Directors (“**Board**”) is pleased to present the Sixth Annual Report of Aarti Surfactants Limited (“**ASL**” or “**Company**” or “**your Company**”) together with the Audited Financial Statements for the financial year ended March 31, 2024 (“**year under review**” or “**year**” or “**FY24**”).

1. FINANCIAL PERFORMANCE AND SUMMARY

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	2023-24	2022-23	2023-24	2022-23
Revenue from Operations	58,985.74	60,129.32	58,985.74	60,129.32
Other Income	13.31	33.41	13.31	33.41
Profit/loss before Depreciation, Finance Costs, Exceptional items and Tax Expense	6,314.26	4,807.97	6,226.00	4,807.37
Less: Depreciation/Amortisation	1,598.02	1,548.69	1,603.75	1,548.69
Profit/loss before Finance Costs, Exceptional items and Tax Expense	4,716.24	3,259.28	4,622.25	3,258.68
Less: Finance Costs	1,403.36	1,478.62	1,403.36	1,478.62
Profit/loss before Exceptional items and Tax Expense	3,312.88	1,780.66	3,218.89	1,780.06
Add/(less): Exceptional items	-	-	-	-
Profit/loss before Tax Expense	3,312.88	1,780.66	3,218.89	1,780.06
Less: Tax Expense (Current & Deferred)	1,086.19	509.61	1,086.19	509.61
Profit/loss for the year (1)	2,226.69	1,271.05	2,132.70	1,270.45
Other Comprehensive Income/loss (2)	(11.37)	6.00	(11.37)	6.00
Total (1+2)	2,215.32	1,277.05	2,121.33	1,276.45

Summary

On a consolidated basis, the revenue for FY24 was ₹ 58,999.05 lakhs, over the previous year's revenue of ₹ 60,162.73 lakhs. The profit after tax (PAT) for FY24 and FY23 was ₹ 2,121.33 lakhs and ₹ 1,276.45 lakhs respectively.

2. CONSOLIDATED FINANCIAL STATEMENTS

Your Directors are pleased to attach the Consolidated Financial Statements pursuant to Section 129(3) of the Companies Act, 2013 (“Act”) and Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), prepared in accordance with the provisions of the Act and the Indian Accounting Standards (Ind AS).

3. STATE OF COMPANY'S AFFAIRS

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

4. RESERVES

The Board of Directors of your Company has decided not to transfer any amount to the Reserves for the year under review.

5. DIVIDEND

In accordance with Regulation 43A of the SEBI Listing Regulations, the Company has adopted the Dividend Distribution Policy, which details various parameters subject to consideration of which the Board may recommend or declare dividend, including working capital and capital expenditure requirements, funds required for acquisitions, reducing debt, contingencies, etc. The Dividend Distribution Policy is available on the Company's website at <https://www.aarti-surfactants.com/policies.htm>.

The Board of Directors of your company, after considering holistically the relevant circumstances

and keeping in view the company's dividend distribution policy, has decided that it would be prudent, not to recommend any dividend for the year under review.

6. CAPITAL & FINANCE

Share Capital

Your Company's Equity Share Capital is as follows:

Issued, Subscribed & Paid up	As at March 31, 2024 (₹ in lakhs)	As at March 31, 2023 (₹ in lakhs)
84,76,768 Equity Shares of ₹10/- each fully paid up (PY 75,84,477 of ₹10/- each fully paid up)	847.68	758.45
8,92,291 Equity Shares of ₹ 10/- each, ₹ 4 paid up	-	35.69
Less: Calls Unpaid	-1.10	-
TOTAL	846.58	794.14

The Company had, issued 8,92,291 equity shares of face value of ₹10/- each on right basis ('Rights Equity Shares'). In accordance with the terms of issue, ₹ 222/- i.e. 40% of the Issue Price per Rights Equity Share, was received from the concerned allottee's on application and shares were allotted. The Right's Issue Committee of the Board of Directors made the 'First and Final call' of ₹ 333/- per Rights Equity Share in January, 2024. As on March 31, 2024, an aggregate amount of ₹ 60.85 lakhs towards 18,273 partly paid up shares is unpaid. The equity shares so allotted rank pari passu with the existing equity shares of the Company. Except as stated herein, there was no other change in the share capital of the Company.

In terms of Regulation 32 of SEBI Listing Regulations, there was no deviation or variation in utilization of issue proceeds, received in the form of 'first and final call money' from conversion of 8,74,018 partly paid-up equity shares into fully paid-up equity shares of face value ₹ 10/- each, during the period ended March 31, 2024. The said conversion and utilization of Issue Proceeds was in accordance with the Letter of Offer dated January 18, 2023 pertaining to Company's Rights Issue. The necessary details with respect to the utilization of issue proceeds is available on the Company's website at <https://www.aarti-surfactants.com/material-and-recent-news>.

Borrowings

Total *long-term borrowings of the Holding Company and its Subsidiary stood at ₹ 4,793.43 as on March 31, 2024 as against ₹ 7,334.31 lakhs as on March 31, 2023. Short term borrowings were ₹ 4,929.12 as on March 31, 2024 as against ₹ 7,578.94 lakhs as on March 31, 2023.

*The long term borrowings includes 0% Non-Convertible Redeemable Preference Shares of face value of ₹10/- each.

The Company has not defaulted on payment of any dues to the financial lenders.

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

During FY2023-24, the Company's outlay towards capex was ₹ 1609.25 lakhs for the standalone and ₹ 1635.28 lakhs at the consolidated level.

7. DETAILS OF SUBSIDIARY / ASSOCIATE / JOINT VENTURE COMPANIES

As at date of this Report, the Company has 1 wholly owned subsidiary, namely, Aarti HPC Limited.

In compliance with the applicable provisions of the Act read alongside the SEBI Listing Regulations and relevant Indian Accounting Standards ("Ind AS"), the Board of Directors approved the audited standalone financial statements for the financial year ending March 31, 2024, during their meeting on April 22, 2024. Concurrently, the audited consolidated financial statements of the Company and its subsidiary for the fiscal year were also approved. These audited financial statements are included in the Annual Report as mandated by Section 129 of the Act.

The separate statement containing the salient features of the financial statements of the subsidiary

of the Company in the prescribed format AOC-1, is annexed as “**Annexure A**”. The statement also provides highlights of the performance and financial position of the subsidiary Company.

Further, in alignment with the stipulations of Section 136 of the Act, the Annual Report, audited financial statements, and other related documents have been made available on the Company's website at <https://www.aarti-surfactants.com/disclosures-under-regulation-46-of-sebi-lodr-regulations-2015>. Additionally, these documents are available for inspection both at the Company's registered office and electronically. Members may arrange an inspection by emailing investors@aarti-surfactants.com.

During the year under review, the Company does not have any material subsidiary. In line with the requirements of the Act and SEBI Listing Regulations, the Company's Policy for Determining Material Subsidiary is also accessible on the website at <https://www.aarti-surfactants.com/policies.htm>.

It is noted that the Company does not have any associate, joint venture or holding company relationships.

8. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Details of the loans, guarantees and investments, as required under Section 186 of the Act and Schedule V of the SEBI Listing Regulations, are provided as part of the notes to the financial statements of the Company.

9. MANAGEMENT DISCUSSION AND ANALYSIS

A detailed Management Discussion and Analysis forms an integral part of this Report and gives an update, inter alia, on the following matters:

- Industry structure and developments
- Opportunities and Threats
- Segment-wise overview of business performance
- Outlook
- Risks and concerns
- Internal control systems and their adequacy
- Financial Overview
- Human Resources

10. BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

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

The Board of Directors (“Board”) of the Company is carefully structured to achieve an optimal balance, consisting of executive and non-executive directors, including an Independent Woman Director. This composition adheres strictly to the current provisions of the Companies Act and the SEBI Listing Regulations ensuring compliance with governance standards.

The Board is proactive in providing strategic guidance and fulfills its fiduciary responsibilities with a steadfast commitment to safeguarding the interests of the Company and its stakeholders.

Additionally, all directors of the Company have confirmed that there are no disqualifications against them for appointment as directors, in accordance with Section 164 of the Companies Act, 2013.

Independent Directors

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

of the Company. Furthermore, they have affirmed their adherence to the Code of Conduct outlined in Schedule IV of the Act.

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

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

Independent Directors' Review Meeting

A separate meeting of the Independent Directors was convened to assess the performance of Non-Independent Directors and the effectiveness of the Board and its committees collectively. During this session, a comprehensive questionnaire designed to probe various aspects of Board operations was distributed among the Directors. The evaluation criteria for Independent Directors encompassed their level of engagement in meetings, interpersonal skills, understanding of the business and its subsidiaries, capacity for independent judgment, expertise, and adherence to the compliance framework.

Changes in Directors and Key Managerial Personnel

I. Re-appointment of Directors

In terms of the Company's Policy on Nomination and Remuneration Committee ("NRC Policy"), the Board at its meeting held on July 24, 2023, based on the recommendation of NRC and evaluation of the balance of skills, knowledge, experience and expertise on the Board and that of the respective Director, approved and recommended to the members the following matter relating to re-appointment of Independent Director, who is not liable to retire by rotation:

- 1) Re-appointment of Mr. Mulesh M. Savla (DIN: 07474847) as an Independent Director for a second term of five years with effect from June 13, 2024 upto June 12, 2029, based on the positive outcome of his performance evaluation and contributions during his first term as Independent Director.

Subsequently, the Members approved the aforesaid re-appointment vide special resolution on the 5th Annual General Meeting (AGM) of the Company held on September 12, 2023.

The Board at its meeting held on April 22, 2024, based on the recommendation of NRC, approved the below matter subject to approval of Members at the 6th Annual General Meeting:

- 1) Re-appointment of Mrs. Misha B. Gala (DIN: 08523865) as an Independent Director for a second term of five years with effect from August 20, 2024 upto August 19, 2029.

Directors Retiring by Rotation

In line with Section 152 of the Act, the Companies (Management & Administration) Rules, 2014, and the Articles of Association of the Company, Mr. Chandrakant V. Gogri (DIN: 00005048), a Non- Executive Director, is due to retire by rotation at the upcoming Annual General Meeting. Mr. Gogri, being eligible, has offered himself for re-appointment. The Board of Directors recommends his re-appointment, acknowledging his invaluable contributions to the board and the Company at large.

It may be noted that Members of the Company approved continuation of Mr. Chandrakant V. Gogri as Non – Executive Director of the Company after attaining the age of 75 years in their meeting dated August 10, 2021 pursuant to Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 and other applicable provisions.

Pursuant to Regulation 36 of the SEBI Listing Regulations read with Secretarial Standard-2 on General Meetings, a brief profile of the Directors proposed to be re-appointed is made available, as a part of the Notice convening 6th AGM.

II. Key Managerial Personnel

As of the date of this report, the Key Managerial Personnel of the Company, in accordance with the provisions of Section 2(51) and Section 203

of the Companies Act 2013, include Mr. Nikhil P. Desai, serving as Chief Executive Officer & Managing Director, Mr. Nitesh H. Medh as Chief Financial Officer and Mrs. Priyanka A. Chaurasia as Company Secretary & Compliance Officer.

Familiarisation Programme for Independent Directors / Non-Executive Directors

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

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

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

Strategic Presentations are made to the Board where Directors get an opportunity to interact with Senior Management. Directors are also informed of the various developments in the Company through Press Releases, emails, etc.

Pursuant to Regulation 25(7) of the SEBI Listing Regulations, the Company imparted various familiarisation programmes for its Directors including periodic review of Investments of the Company at Finance Investment Committee Meetings, Regulatory updates, Industry Outlook, Business Strategy at the Board Meetings and changes with respect to the Companies Act, Taxation and other matters, SEBI Listing Regulations, Framework for Related Party Transactions, etc. at the Audit Committee Meetings, Economic Environment & Global Scenario, Frontier Risks, Business Entity Risks, etc. at the Risk Management Committee Meetings, Products Launch and their Showcase etc. The details as required under Regulations 46 of the SEBI Listing Regulations are available on the website

of your Company at <https://www.arti-surfactants.com/independent-directors.htm>.

Meetings of Board & Committees

The details of the Board of Directors and Committees along with their composition, number of meetings held and attendance at the meetings during the FY2023-24 are provided in the Corporate Governance Report which forms part of this Annual Report. The intervening gap between the Board/Committee's Meetings was within the period prescribed under the Companies Act, 2013 and the SEBI Listing Regulations.

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Act, the Directors of your Company, to the best of their knowledge and based on the information and explanations received from the Company, confirm that:

- a) in the preparation of the annual accounts for the financial year ended March 31, 2024, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at March 31, 2024 and of the profit of your Company for that period;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a 'going concern' basis;
- e) internal financial controls to be followed by the Company were laid down and such internal financial controls are adequate and were operating effectively and
- f) proper systems to ensure compliance with the provisions of all applicable laws were devised and that such systems were adequate and operating effectively.

11. PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the SEBI Listing Regulations, the Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of all the Directors individually including Independent Directors, Chairman of the Board, CEO & Managing Director, Executive Director and Non-Executive Director. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board Culture, Execution and Performance of Specific Duties, Obligations and Governance and the evaluation was carried out based on responses received from the Directors.

Committees Evaluation

Committees were evaluated based on structure, member participation, regulatory compliance, meeting effectiveness, agenda and minutes quality, and recommendation impact.

Director and Board Evaluation

Individual Directors were evaluated by the Nomination and Remuneration Committee, and the Board's overall performance was assessed by Independent Directors. Evaluation criteria included meeting attendance, skills, constructive engagement, business knowledge, and industry understanding.

Results of Evaluation

Results were shared with respective Committees and Board of Directors, affirming commitment to high governance standards.

The Directors expressed their satisfaction with the Evaluation process. During the year under review, NRC ascertained and reconfirmed that the deployment of "questionnaire" as a methodology, is effective for evaluation of performance of Board and Committees and Individual Directors.

12. AUDIT COMMITTEE

The details of the composition of the Audit Committee, terms of reference, meetings held, etc. are provided in the Corporate Governance Report, which forms part of this Report. During the year under review, the Board has accepted the recommendations of the Audit Committee on various matters. There have been no instances where such recommendations have not been accepted.

13. AUDITORS

Statutory Auditor and their Report

Pursuant to the provisions of Section 139 of the Act, the Members had at the 1st AGM held on October 21, 2019 appointed Gokhale & Sathe, Chartered Accountants (Firm Registration. No. 103264W) as the Statutory Auditors of the Company for a period of 5 (five) years. Accordingly, the first term of Statutory Auditors expires on the conclusion of 6th AGM.

The Board at its meeting held on April 22, 2024 based on the recommendation of the Audit Committee, approved the proposal for re-appointment of Gokhale & Sathe, Chartered Accountants (Firm Registration. No. 103264W) as the Statutory Auditors of the Company for a period of 5 (five) years, commencing from the conclusion of the 6th AGM upto the conclusion of 11th AGM to be held in the year 2029, subject to approval of the Members at the ensuing AGM.

Gokhale & Sathe have consented to act as Statutory Auditors and confirmed their eligibility to be re-appointed in terms of Section 141 and other applicable provisions of the Act.

The aforesaid re-appointment was recommended by the Audit Committee/Board to the members based on the positive outcome of review of performance of Gokhale & Sathe during their first term as auditors and considering various factors such as their independence, industry experience, skills and expertise and quality of audit. The Audit Committee periodically reviews the independence of Auditors through quarterly affirmations, review of non-audit services, internal checks and balances to mitigate conflict of interest, etc.

The Auditor's Report on the financial statements of the Company for the financial year ended March 31, 2024 forms part of the Annual Report. The said report was issued by the Statutory Auditors with an unmodified opinion and does not contain any qualifications, reservations or adverse remarks. During the year under review, the Auditors have not reported any fraud under Section 143(12) of the Act and therefore disclosure of details under Section 134(3)(ca) of the Act is not applicable.

Cost Auditor and their Report

In terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, the Company is required to maintain cost accounting records and have them audited every year. Accordingly, the Board at its meeting held on

April 22, 2024, based on the recommendation of the Audit Committee, appointed PHS & Associates, Cost Accountant (firm registration no.: 101038), as the Cost Auditor of the Company to conduct audit of the cost records for the financial year ending March 31, 2025. A remuneration of ₹1,00,000/- (Rupees One Lakh only) plus applicable taxes and out of pocket expenses, has been fixed for the Cost Auditor, subject to the ratification of such fees by the Members at the 6th AGM. Accordingly, the matter relating to ratification of the remuneration payable to the Cost Auditor for the financial year ending March 31, 2025 forms part of the Notice of the 6th AGM. The Company has received requisite consent and certificate of eligibility from PHS & Associates.

During the year under review, the Cost Auditor has not reported any fraud under Section 143(12) of the Act and therefore disclosure of details under Section 134(3)(ca) of the Act is not applicable.

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

Secretarial Auditor and their Report

Pursuant to Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed CS Sunil M. Dedhia (COP No. 2031), Proprietor of Sunil M. Dedhia & Co, Company Secretary in Practice as the Secretarial Auditor of the Company to conduct audit of the secretarial records.

The Secretarial Audit Report in form MR-3 for FY2023-24 is enclosed as “**Annexure B**” to this report. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks. During the year under review, the Secretarial Auditor has not reported any fraud under Section 143(12) of the Act and therefore disclosure of details under Section 134(3)(ca) of the Act is not applicable.

14. RISK MANAGEMENT

At our company, Risk Management stands as a cornerstone of Corporate Governance. We firmly believe that a robust Risk Management Framework ensures effective controls and monitoring mechanisms, essential for the smooth and efficient operation of our business. By fostering a culture of risk awareness, we enhance our ability to maximize members value.

We continually strive to integrate cutting-edge technology into our business processes and organizational interfaces. This ongoing effort involves reviewing business processes, leveraging available applications, and digitizing operations with stringent controls. This approach enables seamless integration with our consumers, customers, and stakeholders, thereby enhancing agility and responsiveness across our operations.

Cybersecurity remains paramount in safeguarding our digital assets against cyber threats, data breaches, and other security risks. Our company has implemented comprehensive measures aligned with the principles of Identify, Protect, Detect, Respond, and Recover to bolster our cybersecurity framework.

To oversee these initiatives, we have established a dedicated Risk Management Committee (RMC). This committee plays a crucial role in assisting the Board by monitoring the implementation of our risk management policy. It evaluates the adequacy of our risk management systems and fulfills other responsibilities mandated under SEBI Listing Regulations. Detailed composition, terms of reference, and meeting attendance of the RMC are outlined in our Corporate Governance Report.

By prioritizing risk management and embracing technological advancements, we aim to sustain operational excellence and fortify stakeholder confidence in our organization.

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

15. INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

Internal Financial Controls are an integral part of the risk management process which in turn is a part of Corporate Governance addressing financial and financial reporting risks. The Internal Financial Controls have been documented and embedded in the business processes. Your Company's approach on Corporate Governance has been detailed in the Corporate Governance Report. Your Company has deployed the principles enunciated therein

to ensure adequacy of Internal Financial Controls with reference to:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations
- Prevention and detection of frauds
- Safeguarding of assets

Your Company has defined policies and standard operating procedures for all key business processes to guide business operations in an ethical and compliant manner. Compliance to these policies is ensured through periodic self-assessment as well as internal and statutory audits. The Company has robust ERP and other supplementary IT systems which are an integral part of internal control framework. The Company continues to constantly leverage technology in enhancing the internal controls.

The Audit Committee of the Board reviews the internal processes, systems and the internal financial controls and accordingly, the Directors' Responsibility Statement contains a confirmation as regards adequacy of the internal financial controls. Assurances on the effectiveness of Internal Financial Controls is obtained through management reviews, self-assessment, continuous monitoring by functional heads as well as testing of the internal financial control systems by the internal auditors during the course of their audits. We believe that these systems provide reasonable assurance that our internal financial controls are designed effectively and are operating as intended.

The Statutory Auditor's Reports on Internal Financial Controls as required under Clause (i) of sub-section 3 of Section 143 of the Act is annexed with the Independent Auditors' Report.

16. RELATED PARTY TRANSACTIONS

In line with the requirements of the Act, read with the amended SEBI Listing Regulations, the Company's Policy on Related Party Transactions is available on the website at <https://www.aarti-surfactants.com/policies.htm>. The Policy captures framework for Related Party Transactions and intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions with related parties.

All transactions with related parties and subsequent modifications are placed before the Audit Committee for its review and approval. An omnibus approval from the Audit Committee is obtained for the related party transactions which are repetitive in nature, based on the criteria approved by the Audit Committee. The Audit Committee reviews all transactions entered into pursuant to the omnibus approvals so granted (including long-term or recurring RPTs), on a quarterly basis.

All transactions with related parties entered into during FY2023-24 were at arm's length basis and in the ordinary course of business and in accordance with the provisions of the Act and rules made thereunder, the SEBI Listing Regulations and the Company's Policy on Related Party Transactions.

During the year under review, there were no transactions for which consent of the Board was required to be taken in terms of Section 188(1) of the Act and accordingly, no disclosure is required in respect of the related party transactions in Form AOC-2 under Section 134(3)(h) of the Act and rules framed thereunder. Further, there were no material related party transactions in terms of the SEBI Listing Regulations requiring approval of the Members during the year under review. The details of related party transactions are provided in the accompanying financial statements.

Pursuant to Regulation 23(9) of the SEBI Listing Regulations, your Company has filed the reports on related party transactions with the Stock Exchanges within statutory timelines.

17. NOMINATION AND REMUNERATION POLICY

Your Company has in place Nomination and Remuneration Committee (NRC) of the Board, which performs the functions as mandated under the Act, the SEBI Listing Regulations and such other functions as prescribed by the Board from time to time. The composition of NRC, attendance at its meetings and other details have been provided as part of the Corporate Governance Report.

In accordance with the applicable provisions of the Act, the SEBI Listing Regulations, and the related rules, your Company has established a Nomination and Remuneration Policy. This policy outlines the framework for the appointment and remuneration of Directors, Key Managerial Personnel's and Senior Management Personnel's of the Company.

It also sets criteria for determining qualifications, positive attributes, succession planning, and the evaluation of Directors. The policy is available on the Company's website at <https://www.aarti-surfactants.com/policies.htm>.

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

18. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The ratio of remuneration of each Director to the median employees' remuneration as per Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, is disclosed in "Annexure C" to this report.

The statement containing particulars of remuneration of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 will be made available during 21 days before the Annual General Meeting in electronic mode to any member upon request. In terms of Section 136(1) of the Act, the Annual Report is being sent to the Members, excluding the aforesaid information. Any Member desirous of obtaining a copy of the said information may write to the Company Secretary at investors@aarti-surfactants.com.

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

"Emphasizing Well-being and Support"

At **ASL**, we regard our employees as our most valuable asset and the primary drivers of our success. Our company philosophy is built on fostering a supportive and empowering work environment where every individual can thrive and contribute to their fullest potential. We are committed to creating a culture of continuous learning, innovation, and collaboration, ensuring that our team members feel valued, motivated, and engaged.

To support our employees in their professional and personal growth, we have implemented a

range of initiatives designed to enhance their skills, well-being, and overall job satisfaction. Our key initiatives include:

- a) Our Company invest in comprehensive training and development programs that cover leadership development, technical skills training, and soft skills workshops. These programs ensure our team is equipped with the knowledge and capabilities needed to excel in their roles and drive the company's success.
- b) Our organizational environment is built on the principles of diversity, inclusion, and mutual respect. We actively promote a workplace where diverse perspectives are encouraged, and every voice is heard. Our diversity and inclusion programs include regular training sessions, the establishment of Employee Resource Groups (ERGs), and targeted recruitment efforts to ensure a balanced and representative workforce. By embracing diversity, we foster a culture of innovation and creativity that propels our company forward.
- c) We prioritize the well-being and work-life balance of our employees through a variety of wellness initiatives and flexible work arrangements. Our health and wellness programs, employee assistance services, and flexible working hours are designed to support the physical and mental health of our team members. We believe that a healthy work-life balance is crucial for maintaining high levels of productivity and job satisfaction, and we continuously strive to create an environment where our employees can achieve this balance.

We believe fairness and equal treatment to all the employees across the organisation. We have well defined performance evaluation and rewarding systems. We consistently foster performance culture. We identify the training needs during the PMS and plan for the necessary training during the year and monitor the same through annual training calendar. The basic philosophy is organisation grows if the people grow.

We also enter into an agreement with our Union Employees from time to time; maintain a healthy and peaceful environment. We recognise the right of employees of collective bargaining.

Recognition and Reward

Our employees play a pivotal role in the organization's success. By nurturing talent, fostering innovation and appropriately recognizing and rewarding contributions, we encourage employees to give their best. We conduct various activities to promote a culture of safety and well-being within the organization:

- a) National Safety Day and Week includes a series of activities such as lighting the ceremonial lamp (deep prajwalan), displaying banners, pinning safety badges, awarding the best department for housekeeping and safety norms, making safety pledges, and explaining the National Safety Day theme. These activities underscore our commitment to safety and create a sense of community and shared responsibility.
- b) Competitions related to safety, including safety belt wearing contests, poster, slogan, poem, and essay contests, safety presentations and quizzes, fire drills, and safety skid competitions. These competitions not only engage employees but also raise awareness about safety practices and encourage proactive safety measures.
- c) Our on-job safety training sessions cover crucial topics such as the use of personal protective equipment (PPE), emergency evacuation procedures, material handling, electrical safety, housekeeping, and basic firefighting. These training sessions equip our employees with the necessary skills and knowledge to maintain a safe working environment.
- d) Engaged workforce is the most productive source for the organisation in their success, delivering the best of their abilities with greater sense of belongingness and commitment at their jobs. We at ASL believe every small step contributes value to employees' Work-Life-Balance. Celebrating employees' special moments (Birthdays/Anniversary/Regional Festivals), extending support to foster intellectual growth through various Learning and Development initiatives to nurture conviviality and happiness culture at workplace.

Through these comprehensive initiatives, we aim to create a workplace where employees feel recognized, valued, and motivated to contribute to our collective success. By investing in our employees

and fostering a positive work environment, we ensure that ASL remains a dynamic, innovative, and successful organization.

As on March 31, 2024, the Company had 334 permanent employees on the rolls.

20. CORPORATE GOVERNANCE

Your Company believes that effective leadership, robust policies, processes and systems and a rich legacy of values form the hallmark of our best corporate governance framework. The Board, in conjunction with the management, sets values of your Company and drives the Company's business with these principles. These ethics and values are reflected in Company's culture, business practices, disclosure policies and relationship with its stakeholders. These ethics and values is practiced by Company, which is at par with best international standards and good corporate conduct.

Pursuant to Regulation 34 of the SEBI Listing Regulations, a Report on Corporate Governance and a certificate obtained from the Statutory Auditors confirming compliance with Corporate Governance requirements are provided in Annexures forming part of this Annual Report.

21. ENVIRONMENT HEALTH AND SAFETY

At Specialty Surfactants Limited, we prioritize the highest standards of Environment, Health, and Safety (EHS) across all facets of our operations. Committed to regulatory compliance and sustainable practices, we have implemented rigorous EHS policies and procedures tailored to the specialty surfactants industry. Throughout the year, our team has diligently conducted risk assessments, identified and mitigated potential hazards, and fostered a culture of safety through comprehensive training programs. We have continued to invest in state-of-the-art equipment and technologies to enhance workplace safety and environmental stewardship. Our proactive approach includes regular audits, robust emergency preparedness plans, and continuous improvement initiatives based on performance metrics and stakeholder feedback. By prioritizing the well-being of our employees, minimizing environmental impact, and maintaining transparent communication with stakeholders, Specialty Surfactants Limited remains committed to leading with integrity in EHS practices within our industry.

22. SUSTAINABILITY

At **ASL**, sustainability lies at the core of our corporate strategy and operational philosophy. As a leader in the specialty surfactant industry, we are steadfast in our dedication to advancing sustainable practices throughout our business ecosystem. Our commitment extends beyond compliance to proactive measures aimed at reducing environmental impact and promoting resource efficiency. Through continuous innovation in surfactant technology and responsible sourcing, we strive to deliver products that not only meet stringent performance criteria but also contribute positively to environmental sustainability.

Key initiatives include optimizing our manufacturing processes to minimize energy consumption and emissions, implementing rigorous waste management protocols, and fostering partnerships that support the principles of the circular economy. By embedding sustainability into our business strategy, we not only enhance operational resilience but also strengthen our position as a responsible corporate citizen. Our efforts are guided by a long-term vision to create lasting value for our stakeholders while safeguarding the planet for future generations.

We remain committed to transparency and accountability in our sustainability journey, recognizing that our actions today shape the opportunities of tomorrow. Together with our stakeholders, we are driving positive change and setting new benchmarks for sustainability within the specialty surfactant industry.

23. BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING (BRSR)

The SEBI Listing Regulations stipulate that the top 1000 listed companies by market capitalization must include a Business Responsibility & Sustainability Report (BRSR) in their Annual Report. This requirement aims to enhance transparency and accountability regarding the environmental, social and governance (ESG) practices of these companies. However, your Company is not ranked amongst the top 1000 listed entities for the fiscal year 2023-24. Consequently, we are not required to include the BRSR in our Annual Report for this period.

24. VIGIL MECHANISM

The Vigil Mechanism as envisaged in the Act and the Rules prescribed thereunder and the SEBI Listing Regulations is implemented through the Company's

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

It enables the Directors, employees and all stakeholders of the Company to report genuine concerns (about unethical behaviour, actual or suspected fraud, or violation of the Code) and provides for adequate safeguards against victimisation of persons who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee.

A quarterly report on the whistle-blower complaints, as received, is placed before the Audit Committee for its review and that no complaints has been received during the year under review.

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

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

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

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

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

to maintaining a respectful and secure work environment.

During the year, the Company organised sensitization and awareness programs vide inductions for new joiners, e-learning modules for all employees, trainees, associates including sending emailers etc. to sensitise all employees to conduct themselves in a professional manner.

26. CORPORATE SOCIAL RESPONSIBILITY

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

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

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

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

During FY2023-24, your Company spent ₹ 34.09 lakhs towards its CSR activities. The disclosures required to be given under Section 135 of the Act read with Rule 8(i) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in "Annexure D" forming part of this Board Report.

27. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is provided in "Annexure E" forming part of this Board Report.

28. SECRETARIAL STANDARDS

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

29. DETAILS OF DEPOSITS

During the year under review, your Company has neither invited nor accepted any deposits from the public falling within the ambit of Section 73 of the Act and the rules framed thereunder. The requisite return for FY2023 with respect to amount(s) not considered as deposits has been filed.

30. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

During the year under review, no significant material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operations. However, Members' attention is drawn to the following: -

- a) Statement on Contingent Liabilities and Commitments in the Notes forming part of the financial statements.
- b) The Regional Director, (Ahmedabad) North-western Region, Ministry of Corporate Affairs vide its order dated April 28, 2023 had granted its approval for Shifting of Registered Office from the 'State of Gujarat' to the 'State of Madhya Pradesh' and the said change was made effective from May 30, 2023 pursuant to the Board's approval.

31. ANNUAL RETURN

Pursuant to Section 134(3)(a) of the Act, the annual return for FY24 prepared in accordance with Section 92(3) of the Act read with Companies (Management and Administration) Amendment Rules, 2014 is made available on the website of the Company at <https://www.aarti-surfactants.com/annual-return.htm>

32. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

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

33. COMPLIANCE MANAGEMENT SYSTEM

We've adopted a third-party managed IT-based Compliance Management System that houses all applicable regulations and compliance requirements. It features an alert system that notifies users and relevant personnel of upcoming compliance deadlines. Certificates capturing the compliance status of all applicable laws and regulations are generated quarterly and presented to the Board of Directors for review.

34. SWAYAM INVESTOR SELF-SERVICE PORTAL

'SWAYAM' is a secure, user-friendly web-based application, developed by "Link Intime India Pvt Ltd.", our Registrar and Share Transfer Agents, that empowers members to effortlessly access information through a dashboard and avail various services in digital mode. This application can be accessed at <https://swayam.linkintime.co.in>

35. GENERAL DISCLOSURES

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

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Voting rights which are not directly exercised by the employees in respect of shares for the subscription / purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3) (c) of the Companies Act, 2013).

4. There are no material changes and commitments affecting the financial position of your Company, which have occurred between the end of FY24 and the date of this report.
5. There has been no change in the nature of business of your Company.
6. There was no application made and proceeding initiated / pending by any Financial and/or Operational Creditors against your Company under the Insolvency and Bankruptcy Code, 2016.
7. The Company has not made any one-time settlement for loans taken from the Banks or Financial Institutions, and hence the details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof is not applicable.
8. There was no revision of financial statements and Board's Report of your Company during the year under review.

36. ACKNOWLEDGEMENT

Your Board takes this opportunity to thank Company's employees at all levels for their hard work and commitment. Your Directors would like to express their grateful appreciation for the assistance and support received from the Members, Government Authorities, Auditors, Financial Institutions, Customers, Employees, Suppliers, other business associates and various other stakeholders. We look forward to continued support of all these partners in the future.

By order of the Board of Directors

Mulesh M. Savla

Chairman

DIN: 07474847

Mumbai / April 22, 2024

Annexure A

FORM AOC-1

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

Part "A": Subsidiary Company

Name of Subsidiary Company	(Amount in lakhs, except % of shareholding)
	Aarti HPC Limited
Date of acquisition	December 26, 2019
Financial Period ended	Mar 31, 2024
Reporting Currency & Exchange Rate	INR
Share Capital	525
Reserves & Surplus	(113.72)
Total Assets	414.90
Total Liabilities	3.62
Investments	0
Turnover / Total Income	0
Profit / (Loss) Before Taxation	(94.01)
Provision for Taxation	0
Profit / (Loss) after Taxation	(94.01)
Proposed Dividend	Nil
% of Shareholding	100

Note:-

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

By order of the Board of Directors

Chandrakant V. Gogri

Director

DIN : 0005048

Nikhil P. Desai

CEO & Managing Director

DIN : 01660649

Priyanka A. Chaurasia

Company Secretary

ICSI M.No.A44258

Nitesh H. Medh

Chief Financial Officer

ICAI M.No : 155868

Mumbai / April 22, 2024

Annexure B

Form No. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2024

(Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
The Members,
Aarti Surfactants Limited
(CIN: L24100MP2018PLC067037)
Plot no 57, 58, 60 to 64, 62A, S-3/1,
Sector-3, Sagore Village,
Pithampur Industrial Area,
District Dhar - 454775, Madhya Pradesh

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Aarti Surfactants Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on **March 31, 2024 ('Audit Period')** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2024 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the

extent of Foreign Direct Investment, Overseas Direct Investment, External Commercial Borrowings which were not applicable;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 which were not applicable to the Company during the Audit Period;
 - (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR");
 - (f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, to the extent applicable;
 - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 which were not applicable to the Company during the Audit Period;
 - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 which were not applicable to the Company during the Audit Period; and

- (j) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 to the extent applicable to the Company vide SEBI Circular No. CIR/IMD/DF/50/2017 dated May 26, 2017;
- (g) Environment Protection Act, 1986 and other environmental laws;
- (h) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008; and
- (i) Public Liability Insurance Act, 1991.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

During the Audit Period under review and as per the representations and clarifications made, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above;

I further report that based on review of compliance system prevailing in the Company, I am of the opinion that the Company has adequate systems and processes in place commensurate with its size and nature of operations to monitor and ensure compliance with the following laws applicable specifically to the Company:

- (a) Indian Boiler Act, 1923 & The Indian Boilers Regulations, 1950;
- (b) Petroleum Act, 1934;
- (c) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2016;
- (d) Air (Prevention and Control of Pollution) Act, 1981;
- (e) Water (Prevention and Control of Pollution) Act, 1974;
- (f) The Noise (Regulation and Control) Rules, 2000;

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at the Board Meetings and Committee Meetings were taken unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the Audit Period under review, there were no specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. having a major bearing on the Company's affairs.

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

Place: Mumbai
Date: July 6, 2024

CS Sunil M. Dedhia
Proprietor, Sunil M. Dedhia & Co.
Practising Company Secretary
FCS No: 3483 C.P. No. 2031
Peer Review Certificate No. 867/2020
UDIN: F003483F000685901

Annexure

To
The Members,
Aarti Surfactants Limited
(CIN: L24100MP2018PLC067037)
Plot no 57, 58, 60 to 64, 62A, S-3/1,
Sector-3, Sagore Village,
Pithampur Industrial Area,
District Dhar - 454775, Madhya Pradesh

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

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

Place: Mumbai
Date: July 6, 2024

CS Sunil M. Dedhia
Proprietor, Sunil M. Dedhia & Co.
Practising Company Secretary
FCS No: 3483 C.P. No. 2031
Peer Review Certificate No. 867/2020
UDIN: F003483F000685901

Annexure C

Particulars of Employees and Related Disclosures

In accordance with the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the particulars of employees and related disclosures for the financial year ended March 31, 2024, are as follows:

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

Name(s)	Designation	Ratio to Median Remuneration
Nikhil P. Desai	CEO & Managing Director	35.44 : 1
Santosh M. Kakade	Executive Director	9.23 : 1
Mulesh M. Savla	Non-executive Independent Director	0.19 : 1
Misha B. Gala	Non-executive Independent Director	0.15 : 1
Chandrakant V. Gogri	Non-executive Non-Independent Director	0.15 : 1
Dattatray S. Galpalli	Non-executive Non-Independent Director	0.03 : 1

Notes:

- The median remuneration of all the employees of the Company was ₹ 4.96 lakhs.
- The remuneration to the non-executive directors is paid only by way of sitting fees for attending the Board / Committees Meetings during the year. Increase in remuneration during the year is due to increase in the number of meetings and rate of sitting fees per meeting.

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

Name(s)	Designation	% Increase in Remuneration
Nikhil P. Desai	CEO & Managing Director	117.05
Santosh M. Kakade	Executive Director	24.46
Mulesh M. Savla	Non-executive Independent Director	15.24
Misha B. Gala	Non-executive Independent Director	15.91
Chandrakant V. Gogri	Non-executive Non-Independent Director	28.21
Dattatray S. Galpalli	Non-executive Non-Independent Director	(10.00)
Nitesh H. Medh	Chief Financial Officer	18.60
Priyanka Chaurasia	Company Secretary	95.17

C. The percentage increase in the median remuneration of employees in the financial year 2023-24:

61.01%

D. The number of permanent employees on the rolls of Company as on March 31, 2024:

334 employees

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

Particulars	% Change in remuneration
Average increase in salary of employees (other than Managerial Personnel*)	36.68
Average increase in remuneration of Managerial Personnel*	33.00

*Note - 'Managerial Personnel' means employees belong to categories such as Key Managerial Personnel, Senior Management and Senior Leaders but does not include Executive Director and CEO and Managing Director of the Company.

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

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

By order of the Board of Directors

Nikhil P. Desai

CEO & Managing Director

DIN: 01660649

Mumbai / April 22, 2024

Annexure D

Annual report on CSR activities carried out during FY2023-24

1. Brief outline on CSR Policy of the Company:

Our Corporate Social Responsibility (CSR) policy, aligned with Section 135 of the Companies Act, 2013, and Schedule VII, underscores our commitment to sustainable development and societal well-being.

Our CSR policy embodies meticulous planning and implementation, overseen by a dedicated CSR Committee responsible for selecting, executing, and monitoring projects in alignment with guiding principles. The Board plays a pivotal role, approving policies, endorsing annual action plans, and providing oversight to ensure CSR initiatives effectively benefit marginalized communities.

We prioritize initiatives that address key areas such as education, healthcare, environmental sustainability, animal welfare and community development etc., Through strategic partnerships and proactive engagement, we strive to create positive impacts that resonate beyond our business operations.

Our approach integrates ethical practices, transparency and stakeholder collaboration to drive meaningful change. By investing in projects that promote inclusive growth and environmental stewardship, we aim to contribute responsibly to the communities in which we operate, fostering long-term socio-economic progress. Our CSR endeavors are guided by a commitment to uphold the highest standards of corporate governance and ethical conduct, ensuring that our efforts yield measurable benefits and uphold the trust placed in us by our stakeholders.

2. Composition of CSR Committee:

Sr. No.	Name of Directors (Members)	Designation	Number of meeting of CSR Committee held during the year	Number of meeting of CSR Committee attended during the year
1.	Chandrakant V. Gogri	Chairman	1	1
2.	Nikhil P. Desai	Member	1	1
3.	Misha B. Gala	Member	1	1

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

The Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company at <https://www.aarti-surfactants.com/policies.htm>.

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

5. (a) Average net profit of the company as per sub-section (5) of section 135: - ₹ **1668.26 lakhs**
- (b) Two percent of average net profit of the company as per sub-section (5) of section 135: - ₹ **33.37 lakhs**
- (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: - **Nil**
- (d) Amount required to be set-off for the financial year, if any: - ₹ **0.03 lakhs**
- (e) Total CSR obligation for the financial year [(b)+(c) - (d)]: - ₹ **33.34 lakhs**

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): - ₹ **34.09 lakhs**
 (b) Amount spent in Administrative Overheads: - **Nil**
 (c) Amount spent on Impact Assessment, if applicable: - **Nil**
 (d) Total amount spent for the Financial Year [(a)+(b)+(c)]: - ₹ **34.09 lakhs**
 (e) **CSR amount spent or unspent for the Financial Year: -**

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

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

Sr. No.	Particular	Amount (₹ in lakhs)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135*	33.34
(ii)	Total amount spent for the Financial Year	34.09
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	00.75
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	00.75

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

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

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

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

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

By order of the Board of Directors

Chandrakant V. Gogri
 Chairman of CSR Committee
 DIN: 00005048

Nikhil P. Desai
 CEO & Managing Director
 DIN: 01660649

Mumbai / April 22, 2024

Annexure E

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

A. Conservation of Energy

1. Steps taken or impact on Conservation of Energy

Your company is committed to sustainable business practices by contributing to environmental protection, with a prime focus on the conservation of energy and reduction of emissions. During the FY2023-24, several initiatives were undertaken across manufacturing locations to enhance energy efficiencies and conservation efforts.

Efforts to improve overall power efficiency across production have led to significant energy and cost savings. By evaluating energy use throughout the production processes and implementing targeted measures, the company has substantially reduced its power consumption. This initiative not only cuts costs but also contributes significantly to environmental sustainability.

One of the notable measures includes the implementation of a radiator cooling system in the production process. This system enhances operational efficiency by effectively managing the heat generated during production, which in turn reduces the energy required for cooling. By maintaining optimal operating temperatures, the radiator cooling system helps in conserving energy and improving the lifespan of production equipment. The strategic implementation of a Waste Heat Recovery Boiler has also resulted in substantial saving of energy.

Additionally, the automation of plant lighting systems has significantly contributed to lowering energy consumption. Automated systems ensure

that lights are switched off when not in use, thereby preventing unnecessary energy wastage. This smart use of technology allows for better control over energy usage and reduces the overall energy footprint of the facility.

Furthermore, analyzing and optimizing lighting levels have played a crucial role in enhancing energy efficiency. Through careful assessment of lighting needs and adjustments to ensure optimal lighting conditions, the company has managed to achieve significant energy savings. Properly optimized lighting not only improves visibility and safety but also ensures that energy is used efficiently, avoiding both under- and over-illumination.

2. Steps taken by the company for utilising alternate sources of energy

The company also focused on utilizing alternative energy sources, leading to both environmental and economic benefits:

A solar project has been successfully deployed on our rooftop to meet auxiliary energy needs.

Water harvesting systems were implemented for fire safety systems, leading to substantial water savings and cost reduction.

3. Capital Investment on Energy Conservation Equipment

During FY2023-24, your company invested ₹ 45 lakhs in energy conservation equipment. This included ₹ 30 lakhs for a waste heat recovery boiler to capture and utilize waste heat, reducing energy consumption. Another 10 lakhs were allocated for a radiator cooling system to manage production heat efficiently, and 5 lakhs were invested in automating plant lighting to prevent energy wastage. These measures enhance energy efficiency, lower operational costs, and support sustainable production practices.

B. Technology Absorption

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

The expenditure incurred on Research and Development:

Years	(₹ in lakhs)
Financial year 2023-24	209.20
Financial year 2022-23	85.31

C. Foreign Exchange Earnings and Outgo

The details of foreign exchange earnings and outgo during the period under review was as under: -

Particulars	(₹ in lakhs)	
	FY2023-24	FY2022-23
Foreign Exchange earned	14,476.44	16,319.54
Foreign Exchange used	22,448.95	27,639.96

By order of the Board of Directors

Mulesh M. Savla

Chairman

DIN: 07474847

Mumbai / April 22, 2024

Corporate Governance Report

The Company's Report on Corporate Governance for the financial year ended March 31, 2024, is in compliance with the principles of Corporate Governance as prescribed in Regulation 34(3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Listing Regulations")

I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

At ASL, we firmly believe that upholding the highest standards of corporate governance is not just a regulatory requirement but a cornerstone of our operational ethos. Our philosophy on the code of corporate governance is rooted in transparency, accountability, integrity, and ethical conduct, all of which are essential for fostering trust among stakeholders and sustaining long-term value creation.

Transparency and Accountability

Transparency forms the bedrock of our corporate governance framework. We are committed to ensuring that our stakeholders, including shareholders, employees, customers, and the community at large, have access to timely and accurate information about our operations, financial performance, and decision-making processes. This commitment extends to clear and comprehensive disclosures that enable stakeholders to make informed judgments about our business practices and strategic direction.

Accountability is equally integral to our governance philosophy. We embrace a culture where responsibilities are clearly defined, and performance is rigorously evaluated against established benchmarks and ethical standards. By holding ourselves accountable, we not only fulfil our obligations to stakeholders but also drive continuous improvement across all facets of our operations.

Integrity and Ethical Conduct

Integrity is non-negotiable at ASL. We adhere unwaveringly to ethical principles in all our interactions and transactions. Our directors, executives, and employees are expected to uphold the highest standards of honesty, fairness, and reliability in every decision they make. This commitment to integrity not only enhances our reputation but also reinforces the trust that stakeholders place in our organization.

Board Independence and Leadership

We recognize the pivotal role that an independent and diverse board of directors plays in effective corporate governance. Our board comprises individuals with diverse backgrounds, experiences, and perspectives, ensuring robust oversight and strategic guidance. Upholding the principles of independence, our board exercises objective judgment and acts in the best interests of shareholders and stakeholders alike.

Leadership at ASL is characterized by vision, foresight, and a commitment to sustainable growth. Our executives lead by example, embodying our corporate values and driving initiatives that prioritize long-term value creation over short-term gains. Their leadership is guided by a commitment to ethical leadership, innovation, and responsible risk management.

Stakeholder Engagement and Sustainability

We view stakeholder engagement as a cornerstone of good governance. We actively seek and consider the perspectives of all stakeholders, including shareholders, employees, customers, suppliers, and the communities in which we operate. By fostering open dialogue and responsiveness, we strengthen relationships and align our business practices with the expectations and interests of our diverse stakeholder groups.

Sustainability is integral to our corporate governance philosophy. We recognize our responsibility to minimize our environmental footprint, promote social welfare, and uphold human rights throughout our value chain. Our sustainability initiatives are guided by robust policies and practices that ensure we contribute positively to society while safeguarding the interests of future generations.

Continuous Improvement and Adaptability

At ASL, we embrace a culture of continuous improvement and adaptability. We regularly review and enhance our governance practices to align with evolving regulatory requirements, industry standards, and stakeholder expectations. This proactive approach enables us to anticipate challenges, seize opportunities, and sustain our competitive advantage in a dynamic global marketplace.

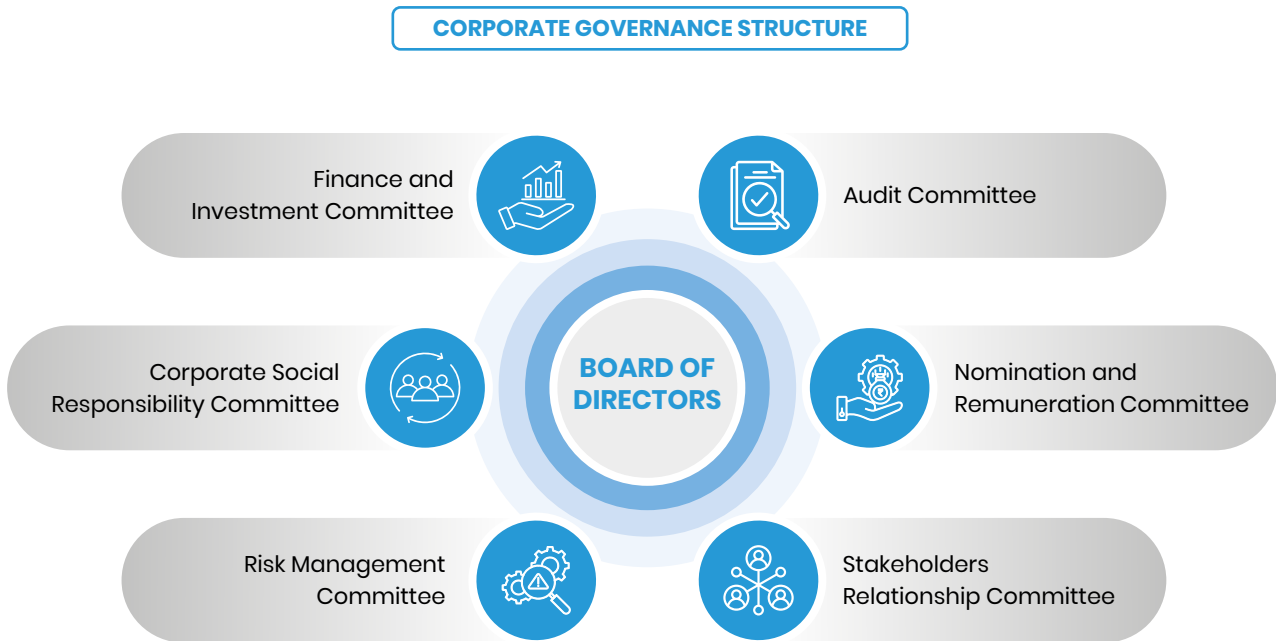
II. THE BOARD OF DIRECTORS

The Board of Directors (“Board”) is entrusted with the responsibility of safeguarding the Company’s

best interests and ensuring wealth generation for all stakeholders because it occupies a fiduciary position. By maintaining transparency, equality, and independence in its decision-making processes, the Board, along with its committees, assumes its responsibility towards all stakeholders of the Company.

The contribution of the Board is critical for ensuring appropriate guidance with regard to leadership, vision, strategy, policies, monitoring, supervision, accountability to shareholders and other stakeholders, and for achieving greater levels of performance on a sustained basis as well as adherence to the best practices of corporate governance.

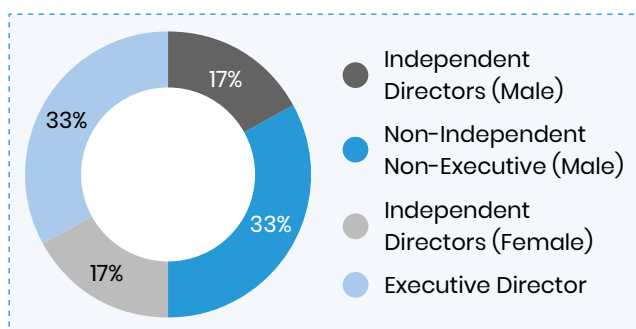
Your Company also support the value of a more diverse and inclusive board, which contributes a rich range of perspectives, opinions, and ideas for making decisions and solving problems. Board diversity can pave the way for more inclusive and cooperative corporate governance, have a good effect on a Company’s culture, and assist in keeping up with a changing consumer base and market.



Composition of the Board and category of the Directors

As on March 31, 2024, the Company has Six Directors on the Board, of which Four were Non-Executive Directors including Two Independent Directors (including 1 Independent Women Director) and Two Executive Directors. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Sections 149 and 152 of the Companies Act, 2013 ("the Act").

Graphical Representation of Board of Directors



Responsibilities of the Board:

The Board's role, responsibilities and levels of accountability are explicitly defined. Apart from its principal responsibility of overseeing the Company's performance, the Board undertakes various responsibilities, which include but are not limited to the following:

- formulation of strategic and business plans;
- reviewing and approving financial plans and budgets;
- monitoring corporate performance against strategic and business plans, including overseeing operations
- ensuring ethical behavior and compliance of laws and regulations
- reviewing and approving borrowing limits;
- formulating exposure limits; and
- keeping shareholders informed regarding plans, strategies and performance.

The Board reviews Company's overall performance at regular intervals. The Board has a formal schedule of matters reserved for its consideration and decision, apart from legally required matters.

Board Diversity:

To ensure that a fair and transparent process is in place to encourage diversity in thought, knowledge, skills, experience, age and gender, perspective, functional and industry experience, cultural and geographical background, the Board has adopted the "Policy to promote diversity on the Board of Directors" as recommended by the Nomination and Remuneration Committee. We recognize the benefits of having a diverse Board, and see increasing diversity at Board level as an essential element in maintaining a competitive advantage. The Policy on Board Diversity as approved by the Board of Directors is available on the website of the Company at <https://www.aarti-surfactants.com/policies.htm>.

The present Board comprises of adequate number of members with diverse backgrounds that best serve the governance and business requirements of the Company. The directors are persons of eminence in their respective fields and bring with them a plethora of skills and experience that add value to the performance of the Board.

Role of Independent Directors:

Independent directors play a crucial part in the board's decision-making process since they approve the Company's overall strategy and monitor management performance. The independent directors bring with them a wealth of expertise, wisdom, and understanding in the areas of finances, housing, credit & risk, and accounting. This extensive understanding of both their area of specialty and boardroom procedures results in a variety of unbiased, experienced, and independent viewpoints. Each independent director has committed and set aside enough time to carry out their responsibilities well.

Declaration of Independence:

All the independent directors have submitted a declaration of independence, stating that they meet the criteria of independence provided under section 149(6) of the Act, as amended, and Regulation 16(1)(b) and Regulation 25 of the SEBI Listing Regulations. The independent directors have also confirmed compliance with the provisions of Rule 6 of Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended, relating to inclusion of their name in the databank of independent directors maintained by Indian Institute of Corporate Affairs and they have undertaken the online proficiency self-assessment test.

The terms and conditions of appointment of Independent Directors are available at <https://www.aarti-surfactants.com/independent-directors.htm>

None of the Independent Directors of the Company have resigned during financial year 2023-24. Thus, disclosure of detailed reasons for their resignation along with their confirmation that there are no material reasons other than those provided by them is not applicable.

Familiarisation Programme:

Your Company, on an ongoing basis strives to keep the Board, specifically the Independent Directors informed and updated with matters related to the industry and business environment in which we operate, our business model, risk metrics, mitigation and management, ever evolving governing regulations, information technology including cyber security, their roles, rights and responsibilities and any other major developments and updates.

All new Independent Directors are taken through a detailed induction and familiarisation programme, that covers the history, background, cultures, values, organizational structures, board procedures and overview of the business operations of the Company. The Company has also provided directors with a reference manual which, inter alia, covers the roles, functions, powers and duties of the directors, disclosures and declarations to be submitted by directors and various codes and policies of the Company.

The induction and ongoing programmes enable the Independent Directors to take better informed and conscious decisions, in the best interests of the stakeholders of the Company.

The details of familiarisation programme imparted to the Independent Directors and the policy of the Company are available on the Company's website at <https://www.aarti-surfactants.com/independent-directors.htm>.

Separate Independent Directors Meeting:

The Independent Directors convened a separate meeting without the presence of Non-Independent Directors and members of the management to discuss all such issue as they may consider relevant. During the year under review, the meeting of Independent Directors was held on March 29, 2024.

At the said meeting, the Independent Directors considered the following:

- Reviewed the performance of Non-Independent Directors and the Board as a whole.
- Reviewed the performance of Chairman of the Company, taking into account the views of all the Directors who had given their rating in the evaluation process.
- Assessed the quality, quantity and timeliness of the flow of information between the Company management and the Board that is necessary for the Board to perform their duties effectively and reasonably.

Directorships and Committee Positions:

The names and categories of the Directors on the Board, their Directorship in other Companies, the Committee positions in other Companies during financial year ended March 31, 2024, are as under:

Name	Number of Shares held along with % of paid up share capital	*Number of Directorship	Directorship in Listed Companies	Category		Statutory Committees				
				P/PG	ED/NED/ID	AC	NRC	SRC	RMC	CSRC
Mulesh M. Savla Chairman DIN: 07474847	-	2	Aarti Surfactants Limited	-	NED, ID	C	M	M	M	-
			Valiant Organics Limited	-	NED, ID	C	C	C	C	-
Nikhil P. Desai CEO & Managing Director DIN: 01660649	2,65,435 (3.13%)	1	Aarti Surfactants Limited	PG	ED	-	-	M	C	M
Chandrakant V. Gogri DIN: 00005048	302 (0.00%)	2	Aarti Surfactants Limited	P	NED	M	M	-	M	C

Name	Number of Shares held along with % of paid up share capital	*Number of Directorship	Directorship in Listed Companies	Category		Statutory Committees				
				P/PG	ED/NED/ID	AC	NRC	SRC	RMC	CSRC
Dattatray S. Galpalli DIN: 01853463	13 (0.00%)	1	Aarti Surfactants Limited	-	NED	-	-	C	-	-
Misha B. Gala DIN: 08523865	-	1	Aarti Surfactants Limited	-	NED, ID	M	C	-	-	M
Santosh M. Kakade DIN: 08505234	-	1	Aarti Surfactants Limited	-	ED	-	-	-	M	-

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

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

*While considering the total number of directorships, directorships in private companies, foreign companies and companies incorporated under Section 8 of the Companies Act, 2013 have been excluded.

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

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

Directors Competence/Skills/Expertise:

The Company is engaged in the business of Speciality Surfactants. The table below summarises the broad list of core skills / expertise / competencies identified by the Board of Directors, as required in the context of the Company's business / sector and the said skills are available with the Board members:

List of core skills / expertise / competencies identified by the Board of Directors as required in the context of the business(es) and sector(s)

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

Name of Director	Industry Experience	Operations, Technology, Sales and Marketing	Leadership	Understanding of Global Business	Finance and Banking	Legal / Governance / Compliance
Mulesh M. Savla	✓	-	✓	✓	✓	✓
Nikhil P. Desai	✓	✓	✓	✓	✓	✓
Chandrakant V. Gogri	✓	✓	✓	✓	✓	✓
Dattatray S. Galpalli	✓	✓	✓	✓	-	-
Misha B. Gala	✓	-	✓	✓	✓	✓
Santosh M. Kakade	✓	✓	✓	✓	-	-

Board Proceedings:

The Board Meetings (including Committee Meetings) are planned well in advance and a tentative annual calendar is shared with all Directors to allow them to plan their schedules and encourage their active participation in the meetings. The Directors are also given an option to participate in the meetings through Video conferencing to encourage effective and active involvement in the Board deliberations. When a particular or urgent business arises, the Board provides its consent by approving resolutions that are circulated in line with all applicable legislation. The resolutions passed through circulation are placed and reaffirmed by the Board at its ensuing Board Meeting.

The company secretary in consultation with the CEO & MD prepares a detailed agenda for the Board (including Committee) meetings. Agenda of said meetings are circulated in a timely manner and in accordance with all applicable legislation. To help the directors/members make thoughtful decisions, all the necessary notes and information are included in the agenda itself. The Members of the

Board can also recommend inclusion of any matter in the agenda for discussion. With the unanimous consent of the Board as per the Secretarial Standard issued by ICSI, all information which is in the nature of Unpublished Price Sensitive Information (UPSI), is circulated to the Board and its Committees at a shorter notice before the commencement of the respective Meetings. The minutes of each Board/Committee Meetings are duly circulated to the directors finalised and recorded in the minute book maintained by the Company Secretary.

The Board meets at least once a quarter to review the quarterly performance and financial results of the Company and to discuss and decide on the business policy and strategy and other businesses.

During the financial year under review, the Board met four times i.e. on April 27, 2023, July 24, 2023, October 31, 2023 and January 20, 2024. The gap between any two Board Meetings held during the year under review did not exceed one hundred and twenty days. The requisite quorum was present for all the meetings.

The attendance of the directors at the above-mentioned board meetings and the Annual General Meeting (AGM) held on September 12, 2023 are listed below:

Name	No. of Board Meeting		1	2	3	4	Total Meetings attended	% of attendance	Attendance at last AGM held on September 12, 2023
	Date		April 27, 2023	July 24, 2023	October 31, 2023	January 20, 2024			
	Time		12:00 PM	11:30 AM	12:30 PM	11:00 AM			
	Mode		Physical	Physical	Physical	Physical			
	P/PG	ED/NED/ID							
Mulesh M. Savla Chairman DIN: 07474847	-	NED, ID	☑	☑	☑	☑	4	100	☑
Nikhil P. Desai CEO & Managing Director DIN: 01660649	PG	ED	☑	☑	☑	☑	4	100	☑
Chandrakant V. Gogri DIN: 00005048	P	NED	-	☑	☑	☑	3	75	☑
Dattatray S. Galpalli DIN: 01853463	-	NED	-	☑	-	-	1	25	☑
Misha B. Gala DIN: 08523865	-	NED, ID	☑	☑	☑	☑	4	100	☑
Santosh M. Kakade DIN: 08505234	-	ED	☑	☑	☑	☑	4	100	☑

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

During FY2024, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration. The Board periodically reviews the compliance reports of all laws applicable to the Company.

III. COMMITTEES OF THE BOARD

The Committees of the Board focus on certain specific areas and make informed decisions within the delegated authority. Each Committee of the Board, whether mandatorily required to be constituted or otherwise, functions according to its scope that defines its composition, power and role in accordance with the Act and the SEBI Listing Regulations. The Company has five Statutory Committees of the Board, namely, Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee and Corporate Social Responsibility Committee. The recommendations of the Committees are submitted to the Board for approval.

The Board has also constituted the Finance and Investment Committee to deal with routine operational matters. The Board also constitutes other functional Committees, from time to time, depending on business needs. The recommendations of the Committees are submitted to the Board for approval.

During the year, all the recommendations of the Committees were accepted by the Board.

The Company's guidelines relating to the Board meetings are applicable to the Committee meetings. The composition and terms of reference of all the Committees are in compliance with the Act and the SEBI Listing Regulations, as applicable. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its functioning. Minutes of the proceedings of Committee meetings are circulated to the respective Committee members and also placed before the Board for its noting.

1. AUDIT COMMITTEE

The Audit Committee of the Board of Directors ("the AC") is entrusted with the responsibility of supervising the Company's financial reporting process and internal controls. The composition, quorum, powers, role and scope are in accordance with Section 177 of the Act and the provisions of Regulation 18 read with Part C of Schedule II of the SEBI Listing Regulations.

Terms of Reference:

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

1. oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
3. approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - i. 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 Act, 2013;
 - ii. changes, if any, in accounting policies and practices and reasons for the same;
 - iii. major accounting entries involving estimates based on the exercise of judgment by management;
 - iv. significant adjustments made in the financial statements arising out of audit findings;
 - v. compliance with listing and other legal requirements relating to financial statements;
 - vi. disclosure of any related party transactions;
 - vii. modified opinion(s) in the draft audit report;
5. reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds 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 issue or rights issue or preferential issue or qualified institutions placement, and making appropriate recommendations to the board to take up steps in this matter;

7. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. approval or any subsequent modification of transactions of the listed entity with related parties;
9. scrutiny of inter-corporate loans and investments;
10. valuation of undertakings or assets of the listed entity, wherever it is necessary;
11. evaluation of internal financial controls and risk management systems;
12. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. discussion with internal auditors of any significant findings and follow up there on;
15. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. to review the functioning of the whistle blower mechanism;
19. approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20. reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
21. consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders;
22. carrying out any other function as is mentioned in the terms of reference of the audit committee.
23. Such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and the SEBI Listing Regulations and / or such other regulatory provisions, as amended from time to time, and the Board of Directors of the Company may consider think fit.

The Audit Committee shall mandatorily review the following information:

1. Management Discussion and Analysis of financial condition and results of operations;
2. Management letters / letters of internal control weaknesses issued by the statutory auditors;
3. Internal audit reports relating to internal control weaknesses;
4. The appointment, removal and terms of remuneration of the Chief Internal Auditor and shall be subject to review; and
5. Statement of deviations
 - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - b. annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7).

Composition, Meeting and Attendance

As on March 31, 2024, the AC comprises of three members of which two are Non-Executive Independent Directors. The Company Secretary of the Company acted as the Secretary to the Audit Committee.

All members of the AC are financially literate and bring in expertise in the fields of Finance, Taxation, Economics, Risk and International Finance. It functions in accordance with its charter that defines its authority, responsibility, and reporting function.

Four AC Meetings were held during the year under review and the gap between the two meetings did not exceed one hundred and twenty days. The necessary quorum was present for all the meetings. The Chairperson of the Audit Committee attended the Fifth AGM held on September 12, 2023.

The Promoters, Chief Financial Officer, Functional Heads, Representatives of the Statutory Auditors, Internal Auditors, Cost Auditor, as and when required attended the meetings of the Audit Committee from time to time.

The Composition of the Committee, dates of the meetings and attendance of the members in the said meetings is given below –

Members	Category	Meeting Dates	April 27, 2023	July 24, 2023	October 31, 2023	January 20, 2024
		Mode of Meeting	Physical	Physical	Physical	Physical
		Start Time	11.30 AM	10.50 AM	11.45 AM	10.00 AM
		Mullesh M. Savla (Chairman)	Non-Executive Independent Director	4	☑	☑
Chandrakant V. Gogri	Non-Executive Director	3	-	☑	☑	☑
Misha B. Gala	Non-Executive Independent Director	4	☑	☑	☑	☑

2. NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee of the Board of Directors (“the NRC”) is entrusted with the responsibility of creating a high performance culture; attract, retain and motivate employees to achieve results. The composition, quorum, powers, role and scope are in accordance with Section 178 of the Act and the provisions of Regulation 19 read with Part D Para A of Schedule II of the SEBI Listing Regulations.

Terms of Reference

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

1. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
2. 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. For the purpose of identifying suitable candidates, the Committee may:

- i. use the services of an external agencies, if required;
 - ii. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - iii. consider the time commitments of the candidates;
3. formulation of criteria for evaluation of performance of Independent Directors and the board of directors;
 4. devising a policy on diversity of board of directors;

5. 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;
6. 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;
7. recommend to the board, all remuneration, in whatever form, payable to senior management;
8. Such other acts, deeds, matters and things as may be stipulated in terms of the Companies

Act, 2013 and the SEBI Listing Regulations and / or such other regulatory provisions, as amended from time to time, and the Board of Directors of the Company may consider think fit.

Composition, Meeting and Attendance

As on March 31, 2024, the NRC comprises of three members of which two are Non-Executive Independent Directors.

Four NRC Meetings were held during the year under review and the gap between the two meetings did not exceed one hundred and twenty days. The necessary quorum was present for all the meetings.

The Composition of the Committee, date of the meetings and attendance of Nomination and Remuneration Committee members in the said meetings is given below:

Members	Category	Meeting Dates	April 27, 2023	July 24, 2023	October 31, 2023	January 20, 2024
		Mode of Meeting	Physical	Physical	Physical	Physical
		Start Time	11.00 AM	10.30 AM	10.30 AM	09.30 AM
		Misha B. Gala (Chairperson)	Non-Executive Independent Director	4	✓	✓
Chandrakant V. Gogri	Non-Executive Director	3	-	✓	✓	✓
Mullesh M. Savla	Non-Executive Independent Director	4	✓	✓	✓	✓

Performance Evaluation

In terms of the requirements of the Act and Regulations 17 and 25 of the SEBI Listing Regulations, an annual performance evaluation of the Board is undertaken where the Board formally assesses its own performance with an aim to improve the effectiveness of the Board and its Committees. The Company has a structured assessment process for evaluation of performance of the Board, its Committees and individual performance of each Director including the Chairman of the Board.

The evaluations are carried out in a confidential manner and the Directors provide their feedback by rating based on various metrics.

The Independent Directors at their separate meeting reviewed the performance of:

- a) Non-Independent Directors and the Board as a whole;
- b) The Chairman of the Board after considering the views of other Directors;
- c) Succession planning, the quality, quantity; and
- d) Timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

During the year under review, questionnaires were circulated to the members of the Board and respective Committees soliciting their feedback on the performance of the Board, its Committees and individual Directors for the FY 2023-24.

The overall performance evaluation exercise was completed to the satisfaction of the Board.

Particulars of Senior Management:

Given below is the list of members of Senior Management of the Company:

Sr. No.	Members of the Senior Management Team	Role/Designation
1.	Nitesh H. Medh	Chief Financial Officer
2.	Priyanka A. Chaurasia	Company Secretary
3.	Kanika Rathore	Vice President – Business and Operations

Nomination and Remuneration Policy

The Company has in place a Nomination and Remuneration Policy formulated as per the provisions of the Act and the SEBI Listing Regulations. The Policy outlines the role of NRC and the Board, inter alia, determining the criteria for Board membership, approving, and recommending compensation and policies for Directors and Senior Management and lay down the effective manner of performance evaluation of the Board, its Committees, and the Directors. The NRC Policy is available on the Company's website at <https://www.aarti-surfactants.com/policies.htm>.

The remuneration paid to the Directors of the Company is in accordance with the applicable provision of the Act, the SEBI Listing Regulations and in line with the Nomination and Remuneration Policy of the Company. The details of remuneration of Directors are provided in Form MGT-7 (annual

return) which is available on the website of the Company at <https://www.aarti-surfactants.com/annual-return.htm>.

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

Remuneration to Executive Directors

The Company remunerates its Executive Directors by way of salary and commission based on performance of the Company. Remuneration is paid within the limits as approved by the shareholders within the stipulated limits of the Section 197 read with Schedule V of Act and the Rules made thereunder. The remuneration paid to the Executive Directors are determined keeping in view the industry benchmark and the performance of the Company. No Stock options have been given to the Executive Directors during the year under review. The Remunerations paid to Executive Directors for FY 2023-24 were as follows:

Name of Director(s)	Remuneration	Commission	Total Remuneration
Nikhil P. Desai	75.60	100.25	175.85
Santosh M. Kakade	37.45	8.35	45.80

(₹ in lakhs)

Notes:

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

Remuneration to Non-Executive Directors

Non-Executive Directors are presently receiving sitting fees (including reimbursement of expenses) for attending the meeting of the Board and its Committees as per the provisions of the Act and the rules made thereunder. No Stock options have been given to the Non-Executive Directors during the year.

The details of the sitting fees paid and shares held by the Non – Executive Directors as on March 31, 2024 are as under:

Name of Directors	Sitting fees in gross (Amt. in ₹)	Shareholding in the Company	% of Total Shareholding
Mulesh M. Savla	94500	Nil	Nil
Misha B. Gala	76500	Nil	Nil
Chandrakant V. Gogri	75000	302 Equity shares	0.00%
Dattatray S. Galpalli	13500	13 Equity shares	0.00%

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

3. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee of the Board of Directors ("the SRC") is entrusted with the responsibility of safeguarding the interests of shareholders, debenture holders and other security holders. The composition, quorum, powers, role and scope are in accordance with Section 178(5) of the Act and the provisions of Regulation 20 read with Part D Para B of Schedule II of the SEBI Listing Regulations.

Terms of Reference

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

1. Resolving the grievances of the security holders of the Company including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.;
2. Review of measures taken for effective exercise of voting rights by shareholders;
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
4. Review of the various measures and initiatives taken by the Company for reducing the

quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;

5. Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
6. To approve, register, refuse to register transfer or transmission of shares and other securities;
7. Approval of transfer or transmission of shares, debentures or any other securities;
8. To authorize affixation of common seal of the Company;
9. To issue duplicate share or other security(ies) certificate(s) in lieu of the original share/ security(ies) certificate(s) of the Company;
10. Such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and the SEBI Listing Regulations and / or such other regulatory provisions, as amended from time to time, and the Board of Directors of the Company may consider think fit.

Composition, Meeting and Attendance

As on March 31, 2024, SRC comprises of three members of which one is Non-Executive Independent Director.

One SRC Meeting was held during the year under review. The necessary quorum was present for throughout the Meeting, details of which are as under: -

Members	Category	Date of meeting
		March 29, 2024 at 11:45 AM
Dattatray S. Galpalli (Chairman)	Non-Executive Director	✓
Nikhil P. Desai	Executive Director	✓
Mulesh M. Savla	Non-Executive Independent Director	✓

The details of complaints received, resolved, pending during the FY 2023-24 is given below:

Opening as on April 1, 2023	Received during the year	Resolved during the year	Closing as on March 31, 2024
0	5	5	0

The above table includes Complaints received by the Company from SEBI SCORES, Online Dispute Resolution Portal (ODR) and through Stock Exchanges where the securities of the Company are listed.

Name, Designation and Contact details of the Compliance Officer

Mrs. Priyanka Chaurasia, Company Secretary (M. No. A44258) is the Compliance Officer of the Company. She can be contacted at the corporate office located at "Udyog Kshetra, 2nd Floor, Mulund Goregaon Link Road, Mulund (West), Mumbai - 400080, Maharashtra

Tel.: +91 22 6781 6435;

Fax: +91 22 25653234;

Email: investors@aarti-surfactants.com;

Website: www.aarti-surfactants.com

4. RISK MANAGEMENT COMMITTEE

The Risk Management Committee of the Board of Directors ("the RMC") is entrusted with the responsibility of making recommendations to the Board on the risk management systems designed to enable an early detection of the risks and their effective supervision and Management. The composition, quorum, powers, role and scope are in accordance with the provisions of Regulation 21 read with Part D Para C of Schedule II of the SEBI Listing Regulations.

Terms of Reference

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

1. formulate a detailed risk management policy which shall include:
 - i. A framework for identification of internal and external risks specifically faced by the listed entity, in particular
 - including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - ii. measures for risk mitigation including systems and processes for internal control of identified risks.
 - iii. business continuity plan;
2. ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. appointment, removal and terms of remuneration of the Chief Risk Officer (if any);
7. Such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and the SEBI Listing Regulations and / or such other regulatory provisions, as amended from time to time, and the Board of Directors of the Company may consider think fit.

Composition, Meeting and Attendance

As on March 31, 2024, RMC comprises of five members of which one is Non-Executive Independent Director.

Two RMC Meetings were held during the year under review and the gap between the two meetings did not exceed one hundred and eighty days. The necessary quorum was present for all the meetings.

The Composition of the Committee, date of the Meetings and attendance of Risk Management Committee Members in the said meeting is given below:

Members	Category	Meeting Dates	July 05, 2023	October 31, 2023
		Mode	Physical	Physical
		Start Time	11:00 AM	11:00 AM
Nikhil P. Desai (Chairman)	Executive Director	2	☑	☑
Mulesh M. Savla	Non-Executive Independent Director	2	☑	☑
Santosh M. Kakade	Executive Director	2	☑	☑
Chandrakant V. Gogri	Non - Executive Director	2	☑	☑
Nitेश H. Medh	Chief Financial Officer	2	☑	☑

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

5. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

Terms of Reference

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

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

2. recommend the amount of expenditure to be incurred on such activities;
3. monitor the CSR Policy of the Company from time to time;
4. to perform such other functions or responsibilities and exercise such other powers as may be conferred upon the CSR Committee in terms of the provisions of Section 135 of the Companies Act, 2013 and the rules framed thereunder.

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

Composition, Meetings and Attendance

As on March 31, 2024, CSR Committee comprises of three members of which one is Non-Executive Independent Director.

One CSR Meeting was held during the year under review. The necessary quorum was present throughout the meeting.

The date of the meeting and attendance of CSR committee members in the said meeting is given below:

Members	Category	Date of the meeting
		March 29, 2024 at 11:30 AM
Chandrakant V. Gogri (Chairman)	Non - Executive Director	✓
Nikhil P. Desai	Executive Director	✓
Misha B. Gala	Non-Executive Independent Director	✓

The Company has formulated a CSR Policy for determining the activities and responsibilities of the Company for incurring expenditure as per the provisions of the act. The policy is available on the Company's website at <https://www.aarti-surfactants.com/policies.htm>.

IV. GENERAL BODY MEETINGS

Details of last three Annual General Meetings are as under:

Financial Year	Day, Date and Time	Venue	Special Resolution passed for
2022-23	Tuesday, September 12, 2023 at 11:30 a.m.	Through Video Conferencing / Other Audio-Visual Means	<ol style="list-style-type: none"> 1. Re-appointment of Mr. Mulesh M. Savla (DIN: 07474847) as an Independent Director 2. Creation of charge(s) on the properties of the Company, in respect of the borrowings.
2021-22	Friday, August 05, 2022 at 11:30 a.m.	Through Video Conferencing / Other Audio-Visual Means	<ol style="list-style-type: none"> 1. Appointment of Mr. Chandrakant V. Gogri, who retires by rotation as a Director and had attained the age of seventy-five years. 2. Re-Appointment of Mr. Nikhil P. Desai as Managing Director of the Company for a period of five years with effect from August 20, 2022. 3. Re-Appointment of Mr. Santosh M. Kakade as Executive Director of the Company with effect from August 20, 2022.
2020-21	Tuesday, August 10, 2021 at 4:00 p.m.	Through Video Conferencing / Other Audio-Visual Means	<ol style="list-style-type: none"> 1. Continuation of Mr. Chandrakant V. Gogri as Non-Executive Director, who had attained the age of seventy-five years. 2. Variation in terms of remuneration of Executive Directors. 3. Approval under Section 180(1)(c) of the Companies Act, 2013 for borrowing funds upto ₹ 225 crores.

Extraordinary General Meetings –

No Extraordinary General Meetings of members were convened during the last three financial years.

Details of Special Resolution passed through Postal Ballot, person who conducted the postal ballot, details of voting pattern and procedure of the same

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

Sr. No.	Date of Announcement of Result	Particulars of Resolution	Resolution Type	% of Votes in Favour	% of Votes Against
1	December 06, 2023	Alteration of the Articles of Association of the Company	Special	99.99	0.01

The Board of Directors had appointed Mr. Sunil M. Dedhia, proprietor of Sunil M. Dedhia & Co., Practicing Company Secretaries, as the scrutiniser for carrying out the postal ballot process in a fair and transparent manner.

The voting period commenced on November 06, 2023 and ended on December 05, 2023. The cut-off date for the purpose of determining the number of members was October 27, 2023 and total number of members as on cut-off date was 43,385.

Procedure for Postal Ballot

Pursuant to the provisions of Section 110 of the Act read with Rule 22 of Companies (Management and Administration) Rules, 2014 (Management Rules), as amended, the Company had issued Postal Ballot Notice dated November 03, 2023 to the Members, seeking their consent with respect to the above mentioned Resolution.

In compliance with provisions of Sections 108, 110 and other applicable provisions of the Act read with the Rules made thereunder and SEBI Listing Regulations, the Company provided electronic voting (e-voting) facility to all its members. The Company engaged the services of National Securities Depository Limited (NSDL) for the purpose of providing remote e-voting facility to all its members. The Postal Ballot Notice was sent only through electronic mode to those

members whose e-mail address was registered with the Company or the Depository Participant(s). In terms of the aforesaid MCA Circulars, physical copy of Postal Ballot Notice along with Postal Ballot Forms and pre-paid business reply envelope was not sent to the members. The Company also published a notice in the newspapers declaring the details of completion of dispatch and other requirements under the Secretarial Standards issued by Institute of Company Secretaries of India, the Act and the Rules thereunder.

Voting rights were reckoned on the paid up value of shares of the Company registered in the names of the shareholders as on the cut – off date. Members desiring to exercise their votes by electronic mode were requested to vote through remote e-voting only before the close of business hours on the last date of e-voting.

The Scrutiniser submitted his report to the Company Secretary / Chairman, authorised by the Board, after the completion of scrutiny and the results of the voting by postal ballot were then announced by the Company Secretary of the Company. The results were displayed on the website of the Company i.e. www.aarti-surfactants.com , besides being communicated to the Stock Exchanges and e-voting website of NSDL.

V. MEANS OF COMMUNICATION

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

Period	Date of Announcement on the Stock Exchanges	Date of Newspaper Publication
First Quarter	July 24, 2023	July 26, 2023
Half Year	October 31, 2023	November 02, 2023
Third Quarter	January 20, 2024	January 21, 2024
Annual	April 22, 2024	April 24, 2024

All data required to be filed electronically or otherwise pursuant to the SEBI Listing Regulations, such as annual report, quarterly financial statements, Shareholding pattern, report on Corporate Governance are being regularly filed with the Stock Exchanges, namely BSE Limited (www.bseindia.com) and National Stock Exchange of India Limited (www.nseindia.com).

In compliance with Regulation 46 of the SEBI Listing Regulations, a separate dedicated section under 'Investors' i.e. 'Disclosure under Regulation 46 of the SEBI Listing Regulations' on the Company's website i.e. www.aarti-surfactants.com gives information on various announcements made by the Company, viz, Annual Report, Quarterly/Half-yearly/Nine-months and Annual financial results, Shareholding Patterns, Corporate Governance Reports along with the applicable policies of the Company.

VI. GENERAL SHAREHOLDERS INFORMATION

1	CIN	L24100MP2018PLC067037
2	Registered Office Address	Plot no 57, 58, 60 to 64, 62A, S-3/1, Sector-3, Sagore Village, Pithampur Industrial Area, Dhar- 454775, Madhya Pradesh
3	Address for correspondence	Unit 202, Plot 71, 2 nd Floor, Udyog Kshetra, Mulund-Goregaon Link Road, L.B.S. Marg, Mulund (West), Mumbai – 400080, Maharashtra
4	Name and Address of each stock exchange(s) at which the listed entity's securities are listed and Stock Code	
	Stock Exchange(s)	Stock Code / Symbol
	BSE Limited	543210 – Equity Shares
	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	700135 – Non-Convertible Redeemable Preference Shares
	National Stock Exchange of India Limited	AARTISURF – Equity Shares and Non-Convertible Redeemable Preference Shares
	Exchange Plaza, C-1, Block-G, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051	
5	The Company has paid the Annual Listing Fees of both the Stock Exchanges and Annual Custodial Fees of both the Depositories for the FY2023-24.	
6	Registrar to an issue and Share transfer agents	Link Intime India Private Limited C-101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai – 400 083, Tel. No. +91 22 49186000 Fax No. 022 – 4918 6060 Email ID: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in The Members are requested to address all their communications / suggestions / grievances to the Share Transfer Agents at the above address.
7	Share transfer System	In terms of Regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialised form w.e.f. April 1, 2019, Members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Transfer of Equity Shares in electronic form are effected through the depositories with no involvement of the Company.
8	Plant Locations	i. Plot nos. 57, 58, 60 to 64, 62A, S-3-1, Sector-3, Sagore Village, Pithampur Industrial Area, District Dhar, Madhya Pradesh – 454775 ii. Survey No. 193/1/4, 193/1/5, 193/1/6, Village Kherdi, Khanvel Udhva Road, Village, Kherdi, Dadra & Nagar Haveli – 396 230
9	Financial Calendar	
	Financial Year	The Company's financial year begins on April 1 and ends on March 31.
	Tentative schedule for the FY2024-25	
	June, 2024	Last week of July / 1 st week of August, 2024
	September, 2024	Last week of October / 1 st week of November, 2024
	December, 2024	Last week of January / 1 st week of February, 2025
	March, 2025	Last week of April / 1 st /2 nd /3 rd week of May, 2025
10	Annual General Meeting	
	Day and Date	Wednesday, August 14, 2024
	Time	11:00 a.m.
	Venue	*Through Video Conferencing (VC) / Other Audio-Visual Means (OAVM) *Deemed venue for the meeting shall be registered office of the Company
11	Cut Off Date for E-voting	August 06, 2024

12 Dematerialization of Shares and Liquidity:

As on March 31, 2024, 84,24,418 equity shares of the Company constituting approximately 99.38% of the equity share capital are held in Demat form whereas 52350 equity shares of the Company constituting approximately 0.62% are still held physically in escrow. The shares of the Company are compulsorily dematerialised for trading by the investors.

Mode of Holding	Equity Shares		Non-Convertible Redeemable Preference Shares	
	No. of shares	(%)	No. of shares	(%)
NSDL	6468064	76.30	1011617	93.46
CDSL	1956354	23.08	70770	6.54
Physical	52350	0.62	0	0
Total	*8476768	100	1082387	100

(*includes 18,273 partly paid equity shares pursuant to failure of payment of first and final call money)

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

13 Credit Rating

The Company does not have any fixed deposit programme or any scheme or proposal involving mobilisation of funds in India or abroad during the financial year ended March 31, 2024.

Below are the details of Credit Ratings as on March 31, 2024: -

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

14 Cases where securities are suspended from trading

Not Applicable

15 Outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments, if any.

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

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

During the FY2023-24, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure forms part of the notes of the Annual Accounts.

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

Equity Shares

Month(s)	BSE Limited			National Stock Exchange India Limited		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Apr-23	718.00	457.55	60,315	719.35	454.95	19,60,804
May-23	686.00	605.00	22,617	689.00	606.40	2,68,978
June -23	679.90	605.10	29,758	683.95	603.00	2,73,604

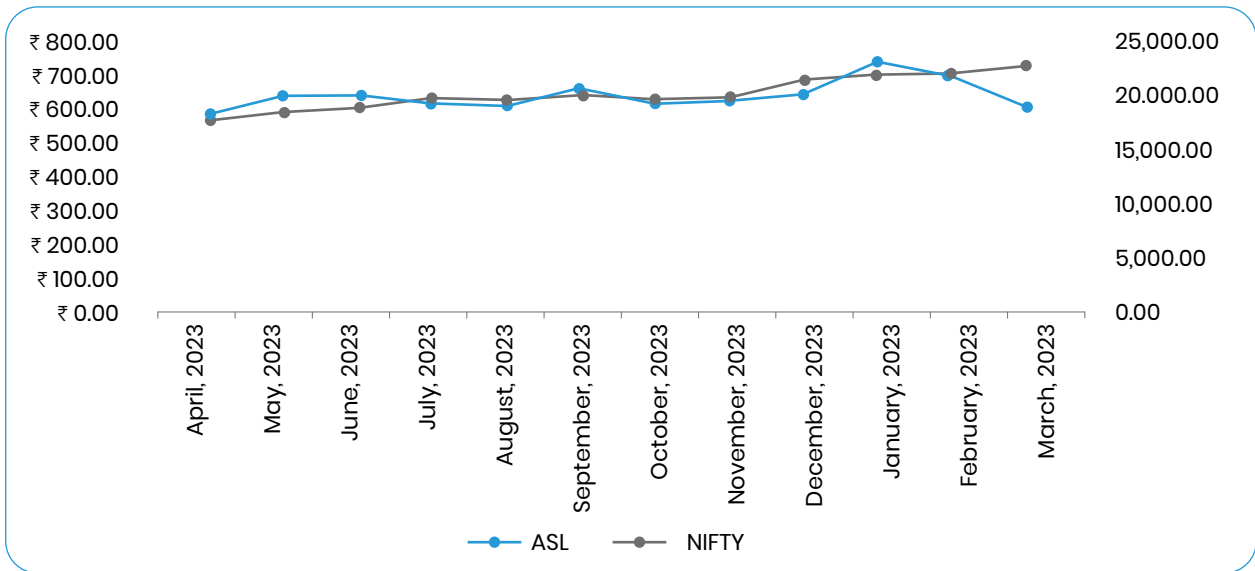
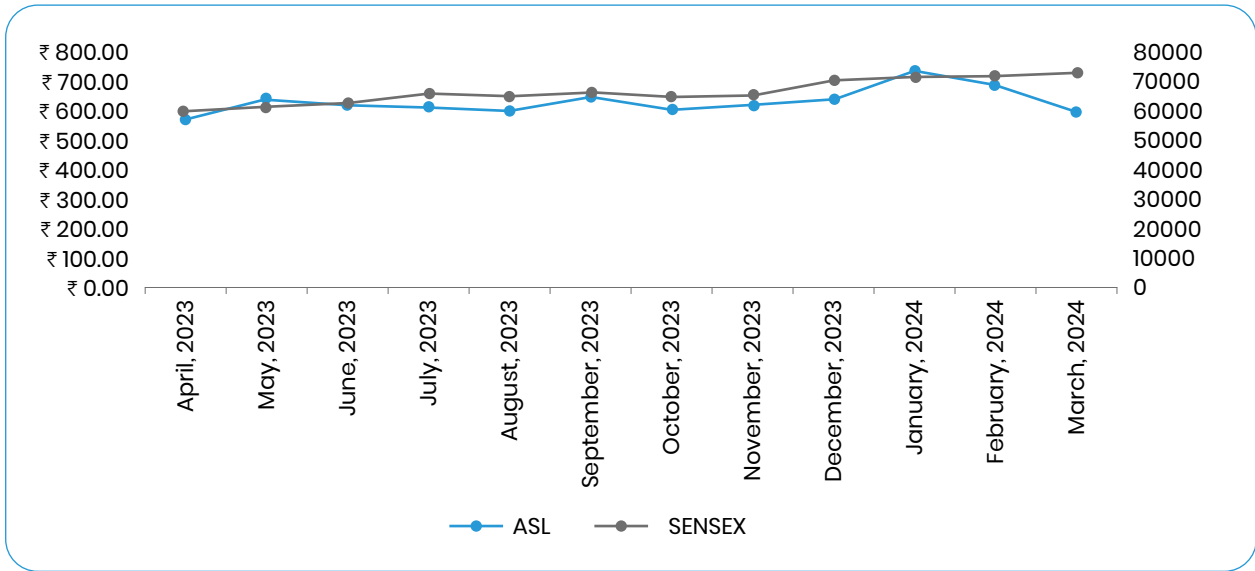
Month(s)	BSE Limited			National Stock Exchange India Limited		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
July-23	677.95	603.00	22,904	683.95	603.00	3,96,803
Aug-23	662.80	585.40	29,727	663.00	586.55	3,63,432
Sept-23	691.30	612.50	26,996	688.00	613.00	4,20,290
Oct-23	651.00	568.95	17,143	648.70	566.65	1,76,801
Nov-23	657.60	590.00	28,580	658.00	589.95	4,42,589
Dec-23	784.00	604.25	75,883	784.60	600.00	26,94,264
Jan-24	854.20	685.55	92,174	810.00	685.30	23,25,035
Feb-24	743.00	664.65	47,395	745.90	660.20	9,56,886
Mar-24	684.45	542.65	54,134	685.40	548.15	7,71,076

Non-Convertible Redeemable Preference Shares

Month(s)	BSE Limited			National Stock Exchange India Limited		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Apr-23	111.00	110.95	305	116.30	96.95	606
May-23	-	-	-	167.00	103.05	761
Jun-23	133.14	101.01	30	165.00	132.00	321
Jul-23	-	-	-	199.00	185.00	166
Aug-23	106.52	106.52	70	274.00	156.80	991
Sep-23	126.50	126.00	300	157.30	157.00	997
Oct-23	-	-	-	160.00	153.90	67
Nov-23	-	-	-	158.00	158.00	10
Dec-23	-	-	-	189.00	158.00	188
Jan-24	-	-	-	261.90	181.00	1013
Feb-24	-	-	-	345.00	208.20	731
Mar-24	-	-	-	348.00	172.10	467

18 Performance in comparison to broad based indices:

Month(s)	BSE Limited		National Stock Exchange of India Limited	
	ASL Price	SENSEX	ASL Price	NIFTY
April, 2023	579.70	60011.70	545.66	17710.68
May, 2023	632.16	61921.87	519.11	18307.05
June, 2023	633.28	63134.72	514.10	18726.77
July, 2023	612.75	66110.14	467.18	19586.00
August, 2023	603.92	65411.40	467.03	19438.29
September, 2023	647.33	66438.75	505.59	19786.05
October, 2023	606.55	65307.98	474.62	19481.67
November, 2023	620.88	65426.55	513.98	19599.17
December, 2023	641.86	70448.10	591.23	21165.99
January, 2024	729.87	71695.44	631.33	21631.89
February, 2024	691.52	72244.38	667.70	21947.28
March, 2024	605.66	73180.67	652.33	22187.31



19 **Shareholding Pattern:** The Shareholding Pattern as on March 31, 2024 are as follows:

Equity shares

Category	* As on March 31, 2024		As on March 31, 2023	
	No. of Shares	%	No. of Shares	%
Promoter and Promoter Group	4222080	49.81	4222080	49.81
Mutual Funds	0	0.00	13275	0.16
Foreign Portfolio Investors	7682	0.09	3621	0.04
Insurance Companies	0	0.00	0	0.00
Individuals & HUF	3839693	45.30	1213336	14.31
Body Corporate & Others	407313	4.81	3024456	35.68
Total	8476768	100.00	8476768	100

*The total number of shares as on March 31, 2024 includes 18,273 partly paid equity shares pursuant to failure of payment of first and final call money.

Non-Convertible Redeemable Preference Shares

Category	As on March 31, 2024		As on March 31, 2023	
	No. of Shares	%	No. of Shares	%
Promoter and Promoter Group	750977	69.39	718938	66.42
Mutual Funds	0	0	0	0
Foreign Portfolio Investors	0	0	0	0
Insurance Companies	0	0	0	0
Individuals & HUF	301493	27.85	8052	0.74
Body Corporate & Others	29917	2.76	355397	32.84
Total	1082387	100	1082387	100.00

20 **Distribution of Shareholding:** The distribution of shareholding as on March 31, 2024 are as follows:

Equity Shares (included the details of only fully paid-up equity shares)

Sr. No.	Shareholding of Shares	Shareholders	Percentage of Total	Total Shares	Percentage of Total
1	1 to 5000	44048	99.77	2848124	33.67
2	5001 to 10000	50	0.11	347656	4.11
3	10001 to 20000	21	0.05	300083	3.55
4	20001 to 30000	9	0.02	226287	2.68
5	30001 to 40000	2	0.00	70622	0.83
6	40001 to 50000	1	0.00	47886	0.57
7	50001 to 100000	11	0.02	802500	9.49
8	100001 to 999999999	12	0.03	3815337	45.10
Total		44154	100	8458495	100

Non-Convertible Redeemable Preference Shares

Sr. No.	Shareholding of Shares	Shareholders	Percentage of Total	Total Shares	Percentage of Total
1	1 to 5000	188	89.52	43684	4.04
2	5001 to 10000	5	2.38	41542	3.84
3	10001 to 20000	5	2.38	66974	6.19
4	20001 to 30000	4	1.90	106800	9.87
5	30001 to 40000	2	0.95	74713	6.90
6	50001 to 100000	4	1.90	272469	25.17
7	100001 to 999999999	2	0.95	476205	43.99
Total		210	100	1082387	100

21 **Green initiative:**

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

Shareholders who have not registered their e-mail addresses so far are requested to do

the same. Those holding shares in Demat form can register their e-mail address with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with RTA, by sending a letter, duly signed by the first/joint holder quoting details of Folio Number.

VII. OTHER DISCLOSURES:

- All related party transactions that were entered into during the financial year were on arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Act

and the SEBI Listing Regulations. Details of related party transactions entered into by the Company are included in the notes to accounts. During the year under review, there were no material related party transactions that may have a potential conflict with the interests of the Company at large. Transactions with related parties entered into by the Company in the normal course of Business are placed before the Audit Committee periodically.

As required under Regulation 23(1) of SEBI Listing Regulations, the Company has formulated a policy on dealing with related party transactions. The said policy is also available under 'Investor' section of the website of the Company at <https://www.aarti-surfactants.com/policies.htm>.

- The Audit Committee and the Board have adopted a Whistle-Blower policy which provides an environment where every director / employee feels free and secure to report specific incidents of

unethical behaviour, actual or suspected incidents of fraud or violation of the Company's Code, investigate such reported incidents in a fair manner, taking appropriate disciplinary action against the delinquent director(s) and employee(s), ensuring that no director or employee is victimised or harassed for bringing such incidents to the attention of the Company. The Company affirms that there were no incidence of reporting unethical behaviour, actual or suspected fraud or violation of Company's Code of Conduct during the financial year 2023-24.

- The Company has complied with all requirements specified under the SEBI Listing Regulations as well as other regulations, circulars and guidelines issued by the SEBI. There were no strictures or penalties imposed by either SEBI or Stock Exchanges or MCA or any other regulatory/ statutory authority for non-compliance of any matter related to the capital markets during the last three financial years. Further, details with respect to discretionary requirements as specified in Part E of Schedule II are as follows:

Sr. No.	Particulars	Remarks
1	Non-Executive Chairman's Office	The Company has a Non-executive Independent Director as Chairman of the Company.
2	Shareholder's Rights	The quarterly financial results are published in the newspapers of wide circulation and not sent to individual shareholders. Quarterly Financial Results as approved by the Board are disseminated to Stock Exchanges and updated on the website of the Company.
3	Audit Qualifications	Auditors' Report on Company's financial statement for FY2023-24 is unmodified.
4	Separate posts of Chairman and Chief Executive Officer ("CEO")	The Company has separate posts of Chairman and CEO & Managing Director.
5	Reporting of Internal Auditor	The Internal Auditor reports to the Audit Committee.

- The 'Policy for Determining Material Subsidiary' pursuant to Regulation 16(1) (c) of SEBI Listing Regulations, has been adopted and the same has been hosted on website of the Company at <https://www.aarti-surfactants.com/policies.htm>. The Company does not have any material subsidiary pursuant Regulation 16 of the SEBI Listing Regulations.
- The Company has not raised funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

However, the details of utilisation of funds raised through conversion of Partly Paid to Fully Paid Equity

Shares issued pursuant to Rights basis as on March 31, 2024 forms part of the Directors' report.

- Total fees for all services paid by the Company and its subsidiary, on a consolidated basis, to the statutory auditors and all entities in the network firm/network entity of which the statutory auditor is part;

Particulars	₹ in Lakhs.
Audit Fees	7.65
Certification Fees	0.33
Out of pocket expenses	0.26
Other Services	-
Total	8.24

7. Disclosures in relation to Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013;
- | | |
|--|-----|
| Number of complaints filed during the financial year | Nil |
| Number of complaints disposed of during the financial year | Nil |
| Number of complaints pending as on end of the financial year | Nil |
8. The Company has not given any loans and advances to firms/Companies in which directors are interested.
9. The Company hereby confirms compliance with that requirements of Corporate Governance report as specified in sub-paras (2) to (10) of Part C of Schedule V of SEBI Listing Regulations.
10. The Company has complied with all the mandatory corporate governance requirements under the SEBI Listing Regulations. The Company confirms compliances with corporate governance requirements specified in Regulation 17 to 27 and sub-regulation (2) of Regulation 46 of the SEBI Listing Regulations.
11. The Shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the Company have not entered any agreement among themselves or with the Company or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the Company or impose any restriction or create any liability upon the Company.

12. As per Regulation 34(3) read with Schedule V of the SEBI Listing Regulations, the details of the shares in the Suspense Account are as follows:

Particulars	Aggregate Number of Shareholders and the Outstanding Shares in the suspense account lying at the beginning of the year	Number of shareholders who approached the Company for transfer of shares from suspense account during the year	Number of shareholders to whom shares were transferred from suspense account during the year	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares
Demat suspense account	4	2	2	2 (Partly Paid up Right's Equity Shares)	2
Unclaimed suspense account	11147	430	430	10717	10717

VIII. CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

The Board of Directors has adopted Code of Conduct for the Board of Directors and Senior Management Personnel of the Company in terms of Regulation 17(5) of the SEBI Listing Regulations. All Board members and Senior Management Personnel have affirmed their compliance with the said Code for the financial year ended March 31, 2024.

A declaration to this effect signed by the CEO & Managing Director is appended to this report. The said Code of Conduct may be viewed on the Company's website <https://www.aarti-surfactants.com/code-of-conduct-and-policies.htm>.

IX. CERTIFICATION FOR FINANCIAL REPORTING AND INTERNAL CONTROLS (CEO & MD and CFO CERTIFICATION)

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

X. CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

The Company has obtained a certificate from Sunil Dedhia and Co., practising company secretary confirming that none of the Directors on the Board of Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority. A copy of the said certificate is appended to this report.

XI. CERTIFICATE FROM A PRACTISING CHARTERED ACCOUNTANTS FOR COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

A certificate from Gokhale & Sathe., Chartered Accountants, regarding compliance of conditions of Corporate Governance as stipulated in Part E of Schedule V of the SEBI Listing Regulations is appended to this Report.

By order of the Board of Directors

Mullesh M. Savla

Chairman

DIN: 07474847

Mumbai / April 22, 2024

Declaration by CEO & Managing Director

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

By order of the Board of Directors

Nikhil P. Desai

CEO & Managing Director

DIN: 01660649

Mumbai / April 22, 2024

Chief Executive Officer (CEO) & Managing Director (MD) and Chief Financial Officer (CFO) Certification

Pursuant to Regulation 17(8) of the SEBI Listing Regulations

We hereby certify that -

- A. We have reviewed the Financial Statements and the Cash Flow Statements for the Financial Year ended March 31, 2024 and that to the best of our knowledge and belief:
- 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2024 which are fraudulent, illegal or violative of the Company's code of conduct;
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of the internal control, if any, of which we are aware of and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee –
- 1) Significant changes in internal control over the financial reporting during the Financial Year ended March 31, 2024;
 - 2) Significant changes in accounting policies during the Financial Year ended March 31, 2024 and that the same has been disclosed in the notes to the financial statements; and
 - 3) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over the financial reporting.

By order of the Board of Directors

Nikhil P. Desai
CEO & Managing Director
DIN : 01660649

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

Mumbai / April 22, 2024

Certificate of Non-Disqualification of Directors

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

To,

Aarti Surfactants Limited

(CIN: L24100MP2018PLC067037)

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

Sector-3, Sagore Village,

Pithampur Industrial Area,

District Dhar - 454775, Madhya Pradesh

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Aarti Surfactants Limited** having CIN: L24100MP2018PLC067037 and having registered office at Plot no 57, 58, 60 to 64, 62A, S-3/1, Sector-3, Sagore Village, Pithampur Industrial Area, District Dhar - 454775, Madhya Pradesh (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below **as on the Financial Year ended on 31st March, 2024** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

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

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

CS Sunil M. Dedhia

Proprietor, Sunil M. Dedhia & Co.

Company Secretaries

FCS No: 3483 C.P. No. 2031

UDIN: F003483F000425146

Mumbai, Dated May 22, 2024

Auditors' Certificate on Corporate Governance

To

The Members of Aarti Surfactants Limited

Plot Nos. 57, 58, 60 to 64, 62A, S-3/1,

Sector-3, Sagore Village,

Pithampur Industrial Area,

Dhar District

Madhya Pradesh- 454775, India

Dear Members,

Background:

We, Gokhale and Sathe, Chartered Accountants, being the Statutory Auditors of Aarti Surfactants Limited ("the Company") are issuing this certificate as required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company. The Corporate Governance Report prepared by Aarti Surfactants Limited, contains details as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para-C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('applicable criteria') with respect to Corporate Governance for the year ended 31 March 2024.

Management Responsibility:

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

Auditor's Responsibility:

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

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

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

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

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

Opinion:

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

Restriction on use:

This Certificate is issued to the company solely for their consideration and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this

certificate is shown or into whose hands it may come without our prior consent in writing.

Disclaimer:

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

Yours faithfully,

For Gokhale and Sathe

Chartered Accountants

Firm Registration No: 103264W

Uday Girjapure

Partner

Membership: 161776

UDIN: 24161776BKFXPT7196

Place: Mumbai

Date: 6th July 2024

Standalone Financial Statements

Independent Auditors' Report

**To the members of
Aarti Surfactants Limited**

Report on the Audit of the Standalone Financial Statements

OPINION

We have audited the accompanying standalone financial statements of **Aarti Surfactants Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2024, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and notes to the financial statements including material accounting policies and other explanatory information (hereinafter referred as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

BASIS OF OPINION

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

KEY AUDIT MATTERS

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

Key Audit Matters

Assessment of Contingent liabilities and Provisions (Refer Note No. 33 to the Standalone Financial Statements):

The company undergoes assessment proceedings from time to time with direct and indirect tax authorities. As of March 31, 2024, although the company has not made any provisions for certain direct and indirect taxes, it has paid some amounts under protest, which are presented in 'Other Non-Current Assets' due to the uncertainty regarding the timing of resolution and has disclosed a contingent liability of ₹ 1264.03 lakhs (FY 2023 ₹ 1259.56 lakhs).

Auditors' Response

Our audit procedures, amongst others, include the following:

- Understanding and evaluating the process and controls designed and implemented by management around the assessment of tax and other litigations, including testing the operating effectiveness of the relevant controls.
- Enquiring with relevant company personnel to obtain a complete list of matters under litigation.
- Obtaining details of the litigation matters, inspecting the supporting evidence, and critically assessing management's evaluation through enquiry with management on both the likelihood of outcomes and the magnitude of potential outflows of economic resources.

Key Audit Matters	Auditors' Response
<p>There is a significant level of management judgment involved in estimating the possible outflow of economic resources and the level of provisioning and/or the disclosures required in the financial statements. The management's assessment is supported by advice from independent tax and legal consultants, where considered necessary by the management. Any unexpected adverse outcomes could significantly impact the company's reported profit and financial position.</p> <p>We considered the above area as a key audit matter due to the associated uncertainty related to the outcome of these tax and litigation matters and the application of judgment in the interpretation of related laws.</p>	<ul style="list-style-type: none"> ● Understanding the current status of the tax assessments and other litigations. ● Reading recent orders and/or communications received from the tax authorities and management's responses to such communications. ● Where relevant, reading the independent tax/legal advice obtained by management and evaluating the grounds presented therein. ● Evaluating the independence, objectivity, and competence of the management's tax/legal consultants. ● Together with the auditor's tax experts, assessing the management's evaluation of the likelihood of the outcomes of the litigations and potential financial exposure. ● Evaluating the appropriateness of the presentation and adequacy of disclosures in the financial statements.

INFORMATION OTHER THAN FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

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

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

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

In preparing the standalone financial statements, the Management is responsible for assessing the ability of

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

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

AUDITORS' RESPONSIBILITY FOR THE AUDIT OF STANDALONE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of use of the going concern basis of accounting by the Management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report

because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 (the Order), issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, based on our audit, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors as on 31 March 2024, taken on record by the Board of Directors, none of the directors is disqualified as on March 31 March 2024, from being appointed as a director in terms of section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls with reference to standalone financial statements.
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act read with Schedule V of the Act.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements (Refer Note no. 33 to Standalone Financial Statements).
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.
 - (iv) (a) The management has represented that, to the best of its knowledge and belief, as disclosed in Note no. 39(c)(i) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The management has represented that, to the best of its knowledge and belief, as disclosed in Note no. 39(c)(ii) to the Standalone financial statements, no funds have been received by the Company from any

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

- (c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- (v) The Board of Directors of the Company has not proposed and/or paid any dividend (interim or final) for the FY 2024.
- (vi) Reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, and proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1st April 2023.

Based on our examination which included test checks, the Company has used accounting software for maintaining books of account which has a feature of recording audit trail (edit log) facility

and the same has operated throughout the year, except that the feature of recording audit trail was not enabled at the application layer of the accounting software used for maintaining general ledgers for master fields and database level to log any direct changes for the accounting software used for maintaining the books of accounts.

Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended 31 March 2024.

For **Gokhale & Sathe**
Chartered Accountants
Firm Registration Number: 103264W

Uday Girjapure
Partner
Membership Number: 161776
UDIN: 24161776BKFXPF1802

Place: Mumbai
Date: 22 April 2024

Annexure A to the Independent Auditor’s Report on Standalone Financial Statements

(Referred to in para 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date).

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

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

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

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

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

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

lease and disclosed separately in Property Plant & Equipment in the financial statements, the lease agreements are in the name of the Company itself.

d) The Company has not revalued its Property, Plant and Equipment or intangible assets during the year ended 31st March 2024.

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

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

b) During the year, the Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, from banks on the basis of security of current assets. As mentioned in Note No. 17(2) to the Standalone Financial Statements, the difference between the quarterly returns filed by the Company with banks and books of accounts are on account of explainable items and not in material in nature.

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

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

Particulars	Loans (₹ in Lakh)
Aggregate amount granted/provided during the year	
- Wholly owned subsidiary – Aarti HPC Limited	₹ 5.12
Balance outstanding (gross) as at balance sheet date	
- Wholly owned Subsidiary – Aarti HPC Limited	NIL

- b) In respect of aforesaid loan granted to wholly owned subsidiary, the terms and conditions under which loans were granted are not prejudicial to the company's interest, based on the information and explanations provided by the Company.
- c) In respect of aforesaid loan granted by the Company, the schedule of repayment of principal and payment of interest has not been stipulated. Accordingly, we are unable to comment on the regularity of repayment of principal and receipt of interest.
- d) Since the aforesaid loan granted to wholly owned subsidiary is repayable on demand, the said amount is not overdue.
- e) the provision of section 3(iii) (e) is not applicable to the Company as the same is repayable on demand.
- f) The Company has granted only above loan to wholly owned subsidiary which is repayable on demand. There are no other loans and advances granted by the Company during the period except loans to employees.
- iv. In our opinion and according to the information and explanation given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of loans granted and investments made in the wholly owned subsidiary as applicable. The Company has not provided guarantees and securities and hence compliance with provisions of section 185 and 186 of the Act is not applicable.
- v. The Company has not accepted deposits or amounts which are deemed to be deposits from the public during the year and hence the directives issued by the Reserve Bank of India and the provision of section 73 to 76 any other relevant provisions of the At and the Companies (Acceptance of Deposit) Rules, 2015 with regards to the deposits accepted from the public are not applicable.
- vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. a) Based on examination of records of the Company, amount deducted/accrued in the books of accounts in respect of undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities during the year. There are no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess, and other material statutory dues in arrears as on 31st March 2024 for a period of more than six months from the date they became payable.
- b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on 31st March 2024 on account of disputes are given below:
- | Nature of Statute | Nature of Dues | Amount Unpaid
(₹ in lakhs) | Period to which the
amount relates | Forum where dispute
is pending |
|---------------------|-----------------|-------------------------------|--|---------------------------------------|
| Customs Act | Customs Duty | 670.86 | 2016-17 | High Court |
| Value Added Tax Act | Value Added Tax | 123.31 | 2011-12 to 2015-16 | Commissioner
(Appeals) |
| Entry Tax Act | Entry Tax | 38.26 | 2010-11, 2011-12,
2015-16 and 2016-17 | Appellate Board
(Commercial Taxes) |
| Value Added Tax Act | Value Added Tax | 4.03 | FY 2017-18 | Commissioner
(Appeals) |
- viii. There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- ix. a) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.
- b) According to the information and explanations given to us and on the basis of our audit

procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.

- c) In our opinion, and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.
- d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries.
- x. a) The Company has utilised the monies raised on right issue of equity shares during the year for the purposes for which they were raised.
- b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.
- xi. a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- b) To the best of our knowledge, no report under Sub-section (12) of Section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- c) As represented to us by the Management, there were no whistle blower complaints received by

the Company during the year and up to the date of this report.

- xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable Indian accounting standards.
- xiv. a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. In our opinion, during the year, the Company has not entered into any non-cash transactions with any of its directors or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi) (a), (b) and (c) of the Order is not applicable.
- b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and

Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- xx. The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule

VII to the Companies Act or special account in compliance with the provision of Sub-section (6) of Section 135 of the said Act.

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

For **Gokhale & Sathe**

Chartered Accountants

Firm Registration Number: 103264W

Uday Girjapure

Partner

Membership Number: 161776

UDIN: 24161776BKFXPF1802

Place: Mumbai

Date: 22 April 2024

Annexure B to the Independent Auditor's Report on Standalone Financial Statements

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

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

Opinion

We have audited the internal financial controls with reference to standalone financial statements of Aarti Surfactants Limited (the "Company") as of 31 March 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at 31 March 2024, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Managements' Responsibility for Internal Financial Controls

The Management of the Company is responsible for establishing and maintaining internal financial controls with reference to standalone financial statements based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention

and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to standalone financial statements

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company.
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

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

For **Gokhale & Sathe**
Chartered Accountants
Firm Registration Number: 103264W

Uday Girjapure
Partner
Membership Number: 161776
UDIN: 24161776BKFXPF1802

Place: Mumbai
Date: 22 April 2024

Standalone Balance Sheet

as at 31st March, 2024

(₹ in Lakhs)

Particulars	Note No.	As at 31 st March, 2024	As at 31 st March, 2023
A ASSETS			
1 Non-Current Assets			
(a) Property, Plant and Equipment	1	20,364.49	20,387.95
(b) Right of Use Assets	1	202.81	-
(c) Capital Work-in-Progress	1	578.77	657.98
(d) Intangible Assets	1	-	9.34
(e) Intangible Assets under development	1	74.40	-
(f) Financial Assets			
(i) Investment in Subsidiary	2.1	525.00	475.00
(ii) Other Investments	2.2	0.03	0.03
(iii) Other Financial Assets	3	281.43	215.41
(g) Other Non-Current Assets	4	377.10	390.60
Total Non-Current Assets		22,404.03	22,136.31
2 Current Assets			
(a) Inventories	5	9,920.77	7,732.63
(b) Financial Assets			
(i) Trade Receivables	6	7,010.72	6,536.24
(ii) Cash and Cash Equivalents	7	614.99	761.80
(iii) Bank balances other than cash & cash equivalents	7	6.55	6.60
(iii) Loans	8	12.14	14.83
(iv) Other Financial Assets	9	136.16	1,962.19
(c) Other Current Assets	10	2,235.67	1,214.37
Total Current Assets		19,937.00	18,228.66
TOTAL ASSETS		42,341.03	40,364.97
B EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	11	846.58	794.14
(b) Other Equity	12	21,078.10	16,017.84
Total Equity		21,924.68	16,811.98
3 LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
- Borrowings	13	4,793.43	7,334.31
(b) Lease Liabilities	14.1	166.09	-
(c) Deferred Tax Liabilities (Net)	15	1,784.01	1,458.27
(d) Other Non-Current Liabilities	16	755.09	564.53
Total Non-Current Liabilities		7,498.62	9,357.11
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	4,929.12	7,578.94
(ii) Trade Payables Due to			
- Micro and Small Enterprises	18	73.22	52.53
- Other Than Micro and Small Enterprises	18	6,653.68	5,639.84
(iii) Others	19	304.90	285.18
(b) Lease Liabilities	14.2	32.21	-
(c) Other Current Liabilities	20	351.52	407.35
(d) Provisions	21	497.52	206.66
(e) Current Tax Liabilities (Net)	22	75.56	25.38
Total Current Liabilities		12,917.73	14,195.88
Total Liabilities		20,416.35	23,552.99
TOTAL EQUITY AND LIABILITIES		42,341.03	40,364.97
Material Accounting Policies			
Accompanying Notes to the Financial Statements	1-41		

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

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

For and on behalf of the Board

Partner
Uday Girjapure
M.No. 161776

Chandrakant Gogri
Director
DIN : 0005048

Nikhil Desai
CEO & Managing
Director
DIN : 01660649

Priyanka Chaurasia
Company Secretary
ICSI M.No.A44258

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

Place: Mumbai
Date: 22nd April, 2024

Standalone Statement of Profit and Loss

for the Year Ended 31st March, 2024

(₹ in Lakhs)

Particulars	Note No.	For the Year Ended 31 st March, 2024	For the Year Ended 31 st March, 2023
I Revenue from Operations	23	58,985.74	60,129.32
II Other Income	24	13.31	33.41
III Total Income (I+II)		58,999.05	60,162.73
IV EXPENSES			
(a) Cost of Materials Consumed	25	44,583.19	46,810.41
(b) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	26	72.03	623.86
(c) Employee Benefits Expense	27	1,789.48	1,684.10
(d) Finance Costs	28	1,403.36	1,478.62
(e) Depreciation / Amortisation Expenses	1,29	1,598.02	1,548.69
(f) Other Expenses	30	6,240.09	6,236.39
Total Expenses (IV)		55,686.17	58,382.07
V Profit before Exceptional Items and Tax (III-IV)		3,312.88	1,780.66
VI Exceptional Items		-	-
V Profit before Tax (III-IV)		3,312.88	1,780.66
VI TAX EXPENSE			
Current Tax		746.00	270.25
Adjustment of Tax related to earlier periods		14.45	-10.66
Deferred Tax		325.74	250.02
Total Tax Expenses		1,086.19	509.61
VII Profit for the year (V-VI)		2,226.69	1,271.05
VIII OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Statement of Profit and Loss			
- Remeasurement of defined employee benefit plans (net of tax)		-11.37	6.00
Other Comprehensive Income (Net of Tax)		-11.37	6.00
IX TOTAL COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX (VII+VIII)		2,215.32	1,277.05
X Earnings Per Equity Share of Face Value of ₹ 10 Each (EPS) (in ₹)	31		
Basic		27.81	16.64
Diluted		26.27	16.48
Material Accounting Policies			
Accompanying Notes to the Financial Statements	1-41		

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

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

For and on behalf of the Board

Partner
Uday Girjapure
M.No. 161776

Chandrakant Gogri
Director

Nikhil Desai
CEO & Managing
Director
DIN : 01660649

Priyanka Chaurasia
Company Secretary

Nitesh Medh
Chief Financial Officer

DIN : 0005048

ICSI M.No.A44258

ICAI M.No : 155868

Place: Mumbai
Date: 22nd April, 2024

Standalone Statement of Changes in Equity

for the Year Ended 31st March, 2024

A. Equity Share Capital

Particulars	Amount
As at 31st March, 2022	758.45
Changes in equity share capital during the year 2022-23	35.69
As at 31st March, 2023	794.14
Changes in equity share capital during the year 2023-24	52.44
As at 31st March, 2024	846.58

B. Other Equity

Particulars	Securities Premium	Retained Earnings	Total Other Equity
Balance as at 31st Mar, 2022	-	12,835.07	12,835.07
Profit for the year	-	1,271.05	1,271.05
Remeasurement of defined employee benefit plans (net of tax)	-	6.00	6.00
Rights Issue Expenses	-	-39.47	-39.47
Securities Premium on Rights Issue	1,945.19	-	1,945.19
Balance as at 31st Mar, 2023	1,945.19	14,072.65	16,017.84
Profit for the year	-	2,226.69	2,226.69
Remeasurement of defined employee benefit plans (net of tax)	-	-11.37	-11.37
Rights Issue Expenses	-	-13.10	-13.10
#Securities Premium on Rights Issue	2,858.04	-	2,858.04
Balance as at 31st March, 2024	4,803.23	16,274.88	21,078.10

Refer Note 11.5 and 12.

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

Previous year figures have been recasted/restated wherever necessary.

Retained earnings includes Remeasurement Gain (net of tax) on defined benefit plan to the extent of ₹ 6.04 lakhs (Previous Year - ₹ 17.41 Lakhs).

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

For and on behalf of the Board

Partner
Uday Girjapure
M.No. 161776

Chandrakant Gogri
Director
DIN : 0005048

Nikhil Desai
CEO & Managing
Director
DIN : 01660649

Priyanka Chaurasia
Company Secretary
ICSI M.No.A44258

Nitesh Medh
Chief Financial Officer
ICAI M.No : 155868

Place: Mumbai
Date: 22nd April, 2024

Standalone Cash Flow Statement

for the Year Ended 31st March, 2024

(₹ in Lakhs)

Sr. No.	Particulars	For the Year Ended 31 st March, 2024	For the Year Ended 31 st March, 2023
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before Tax	3,312.88	1,780.66
	Adjusted for:		
	- Finance Costs	1,403.36	1,478.62
	- Depreciation/Amortisation	1,598.02	1,548.69
	- UNREALISED foreign exchange loss/(gain) (net)	-15.99	-24.21
	- Bad debts and irrecoverable balances written off/(written back)	2.79	10.96
	- Allowance for expected credit loss made	58.42	-
	- Interest income	-13.31	-26.49
	- Income on account of government grants	-111.16	-111.16
	Operating Profit before Working Capital Changes	6,235.01	4,657.07
	Adjusted for:		
	- (Increase)/Decrease in Trade and Other Receivables	280.86	-213.84
	- (Increase)/Decrease in Inventories	-2,188.14	-250.19
	- (Increase)/Decrease in Trade Payables and Other Current Liabilities	1,537.30	-1,570.54
	Cash Generated from Operations	5,865.03	2,622.49
	Direct Taxes Paid	-664.97	-190.00
	Net Cash Flow from Operating Activities	5,200.06	2,432.49
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Acquisition of Property, Plant and Equipment and Capital Work In Progress	-1,609.25	-1,071.18
	Investment in Subsidiary	-50.00	-
	Interest and Dividend Received	13.31	26.49
	(Increase)/ Decrease in Earmarked balances with banks (net)	0.05	-6.60
	Net Cash Flow used in Investing Activities	-1,645.89	-1,051.29
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Net Proceeds from Rights Issue of Shares	2,897.38	1,941.41
	Proceeds/(Repayment) from Borrowings	-2,598.21	-1,306.50
	Proceeds/(Repayment) from Current Borrowing (Net)	-2,665.29	-4.62
	Finance Costs Paid	-1,322.83	-1,390.55
	Payment of Lease Liabilities	-12.00	-
	Dividends Paid	-0.03	-0.01
	Net Cash Flow from/(used in) Financing Activities	-3,700.98	-760.26
	Net Increase/(Decrease) in Cash and Cash Equivalents	-146.81	620.94
	Opening Balance of Cash and Cash Equivalents	761.80	140.86
	Closing Balance of Cash and Cash Equivalents	614.99	761.80

Notes:

- The accompanying notes are an integral part of the Ind AS financial statements.
- Previous year figures have been recasted/restated wherever necessary.
- The above Cash Flow Statement has been prepared under "Indirect Method" set out in Ind AS-7, issued by Institute of Chartered Accountants of India.
- Cash flows from operating activities include ₹ 34.09 lakhs (Previous Year: ₹ 21.83) being expenses towards Corporate Social Responsibility initiatives.

Standalone Cash Flow Statement

for the Year Ended 31st March, 2024

5 Cash and Cash Equivalents comprises of:

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
a. Cash on Hand	1.66	1.76
b. Balances with Banks	613.33	760.04
Total Cash and Cash Equivalents	614.99	761.80

6 Reconciliation of Balances in respect of Financial Liabilities.

(₹ in Lakhs)

Particulars	As at 1 st April 2023	Net Cash Flow	Non-Cash Flow Changes		As at 31 st March, 2024
			Net Addition / Accrued Interest	Other Changes	
Non-current Financial Liabilities					
- Borrowings	7,334.31	28.77	30.35	-2,600.00	4,793.43
- Lease Liabilities	-	-	210.30	-44.21	166.09
Current Financial Liabilities					
- Borrowings	7,578.94	-5,249.82	-	2,600.00	4,929.12
- Lease Liabilities	-	-12.00	-	44.21	32.21

(₹ in Lakhs)

Particulars	As at 1 st April 2022	Net Cash Flow	Non-Cash Flow Changes		As at 31 st March, 2023
			Net Addition / Accrued Interest	Other Changes	
Non-current Financial Liabilities					
- Borrowings	10,537.17	-690.94	72.61	-2,584.53	7,334.31
- Lease Liabilities	-	-	-	-	-
Current Financial Liabilities					
- Borrowings	5,614.59	-620.18	-	2,584.53	7,578.94
- Lease Liabilities	-	-	-	-	-

As per our report of even date

For **Gokhale & Sathe**

Chartered Accountants

Firm Registration Number: 103264W

For and on behalf of the Board

Partner

Uday Girjapure

M.No. 161776

Chandrakant Gogri

Director

DIN : 0005048

Nikhil Desai

CEO & Managing
Director

DIN : 01660649

Priyanka Chaurasia

Company Secretary

ICSI M.No.A44258

Nitesh Medh

Chief Financial Officer

ICAI M.No : 155868

Place: Mumbai

Date: 22nd April, 2024

Corporate Information and Material Accounting Policies:

A. Corporate Information

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

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

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

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

B. Material Accounting Policies

B.1 Statement of Compliance

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

The financial statements of the Company for the year ended 31.3.2024 were approved for issue in accordance with a resolution of the Board of Directors in its meeting held on 22nd April, 2024

B.2 Basis of Preparation and Presentation

The financial statements are prepared in accordance with the historical cost basis, except for certain financial instruments that are measured

at fair values, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116- Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 - Inventories or value in use in Ind AS 36 - Impairment of Assets.

B.3 Critical Accounting Estimates, Assumptions and Judgments:

The preparation of standalone financial statements in conformity with the recognition and measurement principles of Ind AS requires management of the Company to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of standalone financial statements and the reported amounts of income and expenses for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting judgements, estimates and assumptions in preparation of its standalone financial statements:

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

Property, plant and equipment represents a significant proportion of the asset base of the

Corporate Information and Material Accounting Policies:

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

(b) Defined Benefit Plans (Gratuity)

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

(c) Provisions, Contingent Liabilities and Contingent Assets

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates, including management's assessment of historical trends. However, anticipated recoveries are not recognized on a prudential basis. The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable

that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

(d) Provision for Income Tax and Deferred Tax Assets

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

(e) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated.

Corporate Information and Material Accounting Policies:

B.4 Material Accounting Policies

(a) Current and Non-Current Classification

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

An asset is treated as Current when it is –

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

All other assets are classified as non-current.

A liability is considered as Current, when –

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

All other liabilities are classified as non-current.

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

(b) Property, Plant and Equipment (PPE)

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

and adjustments arising from exchange rate variations attributable to the assets.

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

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

(c) Intangible Assets

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

Software

The expenditure incurred is amortised over the five years equally commencing from the date of acquisition.

Research and Development

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical and economic feasibility and marketability has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property, Plant and Equipment utilised for research and development are capitalised and depreciated in accordance with the policies stated for Property, Plant and Equipment.

Corporate Information and Material Accounting Policies:

(d) Valuation of Inventories

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

Inventories have been valued on the following basis:

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

(e) Cash and Cash Equivalents

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

(f) Revenue Recognition

- (i) Revenue from Sale of Goods to customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services. Generally, control is transferred upon shipment of goods to the customer or when the goods are made available to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risks of ownership or future obligations with respect to the goods shipped. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various

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

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

(g) Government Grants

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

Corporate Information and Material Accounting Policies:

(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	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 Loss.

(k) Leases

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

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

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

Subsequently the right-of-use asset is measured at cost less accumulated depreciation and any impairment losses. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the

Corporate Information and Material Accounting Policies:

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.

The Company has taken various residential and office premises under operating lease or leave and license agreements. These are cancellable by the Company, having a term between 11 months and five years and have no specific obligation for renewal. Payments are recognised in the Standalone Statement of Profit and Loss under 'Rent' in Note 30.

(l) Finance Costs

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

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

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

(m) Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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

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

(n) Employee Benefits

Short-term Benefits

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

Post-retirement Benefits

Defined Contribution Plans

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

Defined Benefit Plans

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

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

Corporate Information and Material Accounting Policies:

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

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

(o) Taxes on Income

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

Current Tax

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

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

Deferred Tax

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

assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

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

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

p. Financial Assets, Financial Liabilities and Equity Instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

Investments in subsidiaries:

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any.

Corporate Information and Material Accounting Policies:

Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

q. Earnings Per Shares

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

For the purpose of calculating diluted earnings per share, the Profit or Loss for the

period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

C. Recent Accounting Pronouncements

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

Notes Forming Part of Standalone Financial Statements

FY 2023-24

Particulars	(₹ in Lakhs)										
	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	Balance as at 1 st April, 2023	Additions	Deletion	Balance as at 31 st Mar, 2024	Balance as at 1 st April, 2023	Depreciation charge for the Period	Deletion	Balance as at 31 st Mar, 2024	Balance as at 31 st Mar, 2024	Balance as at 31 st March, 2023	
I Property, Plant and Equipment											
I Tangible Assets											
Freehold Land	47.62	-	-	47.62	-	-	-	-	47.62	47.62	
Leasehold Land	474.03	-	-	474.03	91.19	15.45	-	106.63	367.40	382.84	
Buildings	2,793.66	432.05	-	3,225.71	521.72	154.98	-	676.70	2,549.01	2,271.94	
Plant and Machinery	25,361.65	1,012.08	-	26,373.73	7,924.18	1,322.00	-	9,246.18	17,127.55	17,437.47	
Furniture and Fixtures & Computers	336.19	45.00	-	381.19	195.81	45.14	-	240.95	140.24	140.38	
Vehicles	247.22	57.64	-	304.86	139.51	32.68	-	172.19	132.67	107.71	
Total	29,260.36	1,546.77	-	30,807.14	8,872.41	1,570.24	-	10,442.65	20,364.49	20,387.95	
II Right of Use Assets	-	221.25	-	221.25	-	18.44	-	18.44	202.81	-	
III Intangible Assets											
Product Registration Rights	186.84	-	-	186.84	177.49	9.34	-	186.84	0.00	9.34	
Total	186.84	-	-	186.84	177.49	9.34	-	186.84	0.00	9.34	
IV Capital Work-in-Progress	657.98	1,467.56	1,546.77	578.77	-	-	-	-	578.77	657.98	
V Intangible Asset under development	-	74.40	-	74.40	-	-	-	-	74.40	-	

Notes Forming Part of Standalone Financial Statements



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FY 2022-23

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

NOTES -

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

Notes Forming Part of Standalone Financial Statements

Capital Work-in-Progress Ageing

Ageing for Capital Work-in-Progress as at 31st March, 2024 is as follows:

(₹ in Lakhs)

Capital Work-in-Progress	Amount in capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	434.71	9.80	115.91	18.35	578.77
Projects temporarily suspended	-	-	-	-	-
	434.71	9.80	115.91	18.35	578.77

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

(₹ in Lakhs)

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

Ageing for Intangible Assets under development as at 31st March, 2024 is as follows:

(₹ in Lakhs)

Intangible Assets under development	Amount in Intangible asset under development for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	74.40	-	-	-	74.40
Projects temporarily suspended	-	-	-	-	-
	74.40	-	-	-	74.40

NOTES -

- There are no material projects whose completion is overdue as compared to its original plan as at 31st March 2024.
- There were no material projects which have exceeded their original plan cost as at 31st March, 2024.
- There were no Intangible Assets under development as at 31st March, 2023.

2 Non Current Financial Assets - Investments

(₹ in Lakhs)

Particulars	Number of Units/Shares (all fully paid up)				As at 31 st March, 2024	As at 31 st March, 2023
	Opening Balance	Acquisition	Disposal	Closing Balance		
2.1 In UnQuoted Equity Shares (Subsidiary)						
At Cost						
Aarti HPC Limited	47,50,000	5,00,000	-	52,50,000	525.00	475.00
2.2 In UnQuoted Equity Shares (Other Investments)						
SVC Co Operative Bank Limited	25	-	-	25	0.03	0.03
Total	47,50,025	5,00,000	-	52,50,025	525.03	475.03

Notes Forming Part of Standalone Financial Statements

Disclosure pursuant to Ind AS 27 – Separate Financial Statements

Investments in the following subsidiary is accounted at cost

Name of the Subsidiary	Principal Activity	Country of Incorporation	As at 31 st March, 2024	As at 31 st March, 2023
Aarti HPC Limited	Chemical Manufacturing	India	525.00	475.00

3 Other Financial Assets

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Deposits	281.43	215.41
Total	281.43	215.41

(₹ in Lakhs)

4 Other Non-Current Assets

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Capital Advance	4.54	18.04
Balance with Customs, Central Excise, GST and State Authorities	372.56	372.56
Total	377.10	390.60

(₹ in Lakhs)

5 Current Assets - Inventories

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Raw Materials and Components (incl of In-transit stock)	5,892.68	3,660.41
Work-in-progress	119.81	92.01
Finished Goods (incl of In-transit stock)	3,580.78	3,680.61
Stores and spares	213.64	148.65
Fuel	63.31	95.43
Packing Materials	50.55	55.52
Total	9,920.77	7,732.63

(₹ in Lakhs)

5.1 Goods in Transit

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Raw Materials and Components	1,318.72	556.09
Finished Goods	498.05	340.31
Total	1,816.77	896.41

(₹ in Lakhs)

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

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

Notes Forming Part of Standalone Financial Statements

6 Current Financial Assets – Trade Receivables

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Unsecured and considered good	7,039.15	6,536.24
- Credit Impaired	99.96	69.97
- Allowance for expected credit loss	-128.39	-69.97
Total	7010.72	6536.24

Ageing for Trade Receivables – Current Outstanding as on 31st March 2024 is as follows:

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	5,198.76	1,372.23	264.16	187.42	7.83	8.76	7,039.16
(ii) Disputed Trade Receivables – credit impaired				25.61		74.35	99.96
	5,198.76	1,372.23	264.16	213.03	7.83	83.11	7,139.12
Less: Allowance for expected credit loss							-128.39
Total							7,010.72

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

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	4,935.90	1,445.30	135.82	4.32	9.74	5.16	6,536.24
(ii) Disputed Trade Receivables – credit impaired						69.97	69.97
	4,935.90	1,445.30	135.82	4.32	9.74	75.13	6,606.20
Less: Allowance for expected credit loss							-69.97
Total							6,536.24

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

7 Current Financial Assets – Cash and Bank Balances

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Cash on Hand	1.66	1.76
Balances with Banks	613.33	760.04
Total cash and cash equivalents	614.99	761.80
Earmarked balances with banks*	6.55	6.60
Bank balances other than cash and cash equivalents	6.55	6.60

*Earmarked balances with banks represent amount set aside for payment of dividend and Margin Deposits.

Notes Forming Part of Standalone Financial Statements

8 Loans

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
(i) Loan to Related Party (Refer Note No.36)	-	3.06
(ii) Loan to Employees	12.14	11.77
Total	12.14	14.83

9 Current Other Financial Assets

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Insurance Claim Receivable	135.87	1,015.06
Others Receivable	0.29	947.13
Total	136.16	1,962.19

10 Other Current Assets

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Balance with Customs, Central Excise, GST and State Authorities	1,577.37	724.64
Subsidy Receivable (Industry Promotion Incentive)	436.02	134.30
Prepaid Expenses	155.50	209.10
Advance to Suppliers	66.78	146.33
Total	2,235.67	1,214.37

11 SHARE CAPITAL:

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Authorised Share Capital	-	-
3,18,70,000 Equity Shares of ₹10/- each	3,187.00	3,187.00
81,30,000 Preference Shares of ₹10/- each	813.00	813.00
	4,000.00	4,000.00
Issued, Subscribed & Paid up		
84,76,768 Equity Shares of ₹10/- each fully paid up	847.68	758.45
(8,92,291 Equity Shares of ₹10/- each, ₹4 paid up)		35.69
Less: Calls Unpaid on 18,273 Shares (Refer Note No 11.5 below)	-1.10	-
TOTAL	846.58	794.14

11.1 Reconciliation of number of Equity Shares outstanding:

Particulars	(₹ in Lakhs)	
	No' Of Shares	
	As at 31 st March, 2024	As at 31 st March, 2023
Equity Shares at the beginning of the year	84,76,768	75,84,477
Add: Shares issued during the year Pursuant to Rights Issue	-	8,92,291
Equity Shares at the end of the year	84,76,768	84,76,768

Notes Forming Part of Standalone Financial Statements

11.2 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.

11.3 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, 2024, the company did not propose any dividend (Previous year - Nil) to the equity shareholders of the company.

11.4 Partly Paid up Rights Issue of Equity Shares :

The Rights Issue Committee in its meeting held on 09th January, 2023 approved issuance of 8,92,291 nos. of fresh equity shares at rate of ₹ 555 per Equity Share (including premium of ₹ 545 per Equity Share) on Rights Basis in the ratio of 2:17. The Company has completed allotment of shares on 15th February, 2024 (Except for 18273 Shareholders who has not paid the final call of ₹ 333 per equity shares (including premium of ₹ 327 per equity share).

11.5 The Company had, issued 8,92,291 equity shares of face value of ₹ 10/- each on right basis ('Rights Equity Shares'). In accordance with the terms of issue, ₹ 222/- i.e. 40% of the Issue Price per Rights Equity Share, was received from the concerned allottees on application and shares were allotted. The Board has made First and Final call of ₹ 333/- per Rights Equity Share (including a premium of ₹ 327 per share) in January, 2024. As on March 31, 2024, an aggregate amount of ₹ 60.85 lakhs is unpaid.

11.6 Details of shareholders holding more than 5% shares:

(₹ in Lakhs)

Name of the Shareholders	As at 31 st March, 2024		As at 31 st March, 2023	
	No. of Shares	% held	No. of Shares	% held
Jaya Chandrakant Gogri	11,51,831	13.59	11,51,831	13.59
Nikhil Holdings Private Limited	10,07,574	11.89	10,07,574	11.89

11.7 Details of shares held by promoter/promoter group

(₹ in Lakhs)

Name of the Shareholders	As at 31 st March, 2024		As at 31 st March, 2023		%change during the year
	No. of Shares	% held	No. of Shares	% held	
Jaya Chandrakant Gogri	11,51,831	13.59	11,51,831	13.59	-
Nikhil Holdings Private Limited	10,07,574	11.89	10,07,574	11.89	-
Rashesh Chandrakant Gogri	3,83,438	4.52	3,83,438	4.52	-
Hetal Gogri Gala	2,61,553	3.09	2,61,553	3.09	-
Labhdi Business Trust	2,50,000	2.95	2,50,000	2.95	-
Anushakti Enterprise Pvt Ltd	2,49,250	2.94	2,49,250	2.94	-
Parimal Hashmukhlal Desai	1,19,193	1.41	1,19,193	1.41	-
Tarla Parimal Desai	1,11,765	1.32	1,11,765	1.32	-
Nikhil Parimal Desai	2,65,435	3.13	2,65,435	3.13	-
Alchemie Financial Services Ltd	67,300	0.79	67,300	0.79	-
Manisha Rashesh Gogri	55,000	0.65	55,000	0.65	-
Aarnav Rashesh Gogri	54,999	0.65	54,999	0.65	-
Aashay Rashesh Gogri	54,999	0.65	54,999	0.65	-
Gogri Finserv Pvt Ltd	26,410	0.31	26,410	0.31	-
Indira Madan Dedhia	1,44,636	1.71	1,44,636	1.71	-
Bhanu Pradip Savla	17,564	0.21	17,564	0.21	-
Dilesh Roadlines Pvt Ltd	831	0.01	831	0.01	-
Chandrakant Vallabhaji Gogri	302	0.00	302	0.00	-
Total	42,22,080	49.80	42,22,080	49.80	

Notes Forming Part of Standalone Financial Statements

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

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

12 Other Equity

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
a. Retained Earnings		
As per last Balance Sheet	14,072.65	12,835.07
Profit for the year	2,226.69	1,271.05
Rights Issue Expenses	-13.10	-39.47
Remeasurement of defined employee benefit plans (net of tax)	-11.37	6.00
Closing Balance	16,274.87	14,072.65
b. Securities Premium on Rights Issue		
As per last Balance Sheet	1,945.19	-
Add: Securities Premium on Rights Issue*	2,917.79	1,945.19
Less: Calls Unpaid - Right Issue (Refer Note No 11.5)	-59.75	
Closing Balance	4,803.23	1,945.19
Total	21,078.10	16,017.84

*The Rights Issue Committee in its meeting held on 09th January, 2023 approved issuance of 8,92,291 nos. of fresh equity shares at rate of ₹ 555 per Equity Share (including premium of ₹ 545 per Equity Share) on Rights Basis in the ratio of 2:17. The Company has completed allotment of shares on 15th February, 2024 (Except for 18,273 Shareholders who has not paid the final call of ₹ 333 per equity shares (including premium of ₹ 327 per equity share).

13 Non Current Financial Liabilities - Borrowings

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Secured - At Amortised Cost		
Term loans from Banks (Refer note 13.1.a)	5,138.03	7,750.70
Less: Current Maturity of Term Loan	-2,600.00	-2,584.53
Vehicle Loan from Bank (Refer note 13.1.a)	95.51	81.05
0% Non Convertible Redeemable Preference Shares of '10/- each (Refer note 13.1.b)	2,159.89	2,087.09
Total	4,793.43	7,334.31

13.1 a). 'Rupee term loan from Bank aggregating to ₹ 5,138.03 lakhs is secured by first charge on all movable and immovable assets of the Company, including current assets, ranking pari passu inter-se and Vehicle loan from banks aggregating to ₹95.51 lakhs are secured by way of hypothecation of respective vehicles.

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

- (i) Rupee Term Loan Amounting ₹ 899.93 Lakhs (March 31, 2023: ₹ 1,512.60 Lakhs) is repayable in 6 quarterly instalments, the next instalment is due on 30th June, 2024.

Notes Forming Part of Standalone Financial Statements

- (ii) Rupee Term Loan Amounting ₹ 2,095.24 Lakhs (March 31, 2023: ₹ 3,238.10 Lakhs) is repayable in 22 monthly instalments, the next instalment is due on 14th April, 2024.
- (iii) Rupee Term Loan Amounting ₹ 2,142.86.00 Lakhs (March 31, 2023: ₹ 3,000.00 Lakhs) is repayable in 30 monthly instalments, the next instalment is due on 17th April, 2024.
- (iv) Rupee Vehicle Loan Amounting ₹ 95.51 Lakhs (March 31, 2023: ₹ 81.05 Lakhs) is repayable in monthly instalments, the next instalment is due on 30 April, 2024.
- (v) Term loan from banks carry an average interest rate of 9.15% to 9.95% (March 31, 2023: 6.70% to 9.87%) and Vehicle loan from bank carry an average interest rate of 8.50% to 11.65% (March 31, 2023 : 7.25% to 11.40%)

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

- b). (i) Pursuant to the Scheme of Arrangement becoming effective and subsequent exercise of Option by Equity Shareholders of Demerged Entity Aarti Industries Limited, 10,82,387 Nos of 0% Non-Convertible Redeemable Preference Shares of ₹ 10/- each issued to the shareholders of Demerged Entity Aarti Industries Limited who has opted for Redeemable Preference shares valued at fair value of ₹ 167.70 per share as per the Scheme.
- b). (ii) Terms of preference shares:

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

The Preference Shares are Redeemable at the option of the Company such that shareholders will get 4% annualised return on fair value of ₹ 167.70 declared in the Scheme of Arrangement

13.2 Repayment Terms (Term Loan)

(₹ in Lakhs)

Repayment Tenor	Amount	
	As at 31 st March, 2024	As at 31 st March, 2023
1-2 Years	2,600.00	2,615.47
2-3 Years	2,109.46	2,600.00
3-4 Years	428.57	2,106.66
Beyond 4 Years	-	428.57

13.3 Repayment Terms (Vehicle Loan)

(₹ in Lakhs)

Repayment Tenor	Amount	
	As at 31 st March, 2024	As at 31 st March, 2023
1-2 Years	49.67	39.16
2-3 Years	24.74	18.42
3-5 Years	21.10	23.46

Notes Forming Part of Standalone Financial Statements

14.1 Non Current Financial Liabilities - Lease Liabilities

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Lease Liability	166.09	-
Total	166.09	-

14.2 Current Financial Liabilities - Lease Liabilities

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Lease Liability	32.21	-
Total	32.21	-

Footnotes:

(i) The Company has lease contracts for its office premises and godowns with lease term between 1 year to 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. The Company also has certain leases of office premises and godowns with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

(a) The movement in lease liabilities during the year ended 31 March, 2024 and 31 March, 2023 is as follows:

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Balance at the beginning	-	-
Additions	202.58	-
Accretion of interest	7.72	-
Payment of lease liabilities	12.00	-
Balance at the end	198.30	-
Non-current	166.09	-
Current	32.21	-

(b) The following are the amounts recognised in profit or loss:

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Depreciation on right-of-use assets (Refer note no. 29)	18.44	-
Interest expense on lease liabilities (Refer note no. 28)	7.72	-
Total amount recognised in statement of profit and loss	26.16	-

(c) Details of carrying amount of right-of-use assets and movement during the period is disclosed under Note 1.

(d) The effective interest rate for lease liabilities is 9.50%, with maturity between five years.

15 Deferred Tax Liability (Net)

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
At the start of the year	1,458.27	1,208.25
Charge/(credit) to the Statement of Profit and Loss	325.74	250.02
At the end of the year	1,784.01	1,458.27

Notes Forming Part of Standalone Financial Statements

15.1 Major components of deferred tax liabilities/(assets) arising on account of timing difference:

As at 31st March, 2024

	(₹ in Lakhs)			
	As on April 01, 2023	Charge / (Credit) to Statement of Profit and Loss	Charge / (Credit) to Other Comprehensive Income	As at March 31, 2024
(a) Deferred tax liabilities, on account of:				
Difference between WDV of depreciable fixed assets as per the books of accounts and Income Tax Act, 1961	1,487.51	338.54	-	1,826.05
(b) Deferred tax assets, on account of:				
Provision for expense allowed for tax purpose on payment basis (Net)	-29.24	-12.80	-	-42.04
Deferred tax expense/(benefit) for the year		325.74	-	
(c) Net Deferred tax liabilities	1,458.27			1,784.01

As at 31st March, 2023

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

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

	(₹ in Lakhs)	
Particulars	As at 31 st March, 2024	As at 31 st March, 2023
(i) Income tax recognised in the Statement of Profit and Loss		
Current tax:		
For current year	746.00	270.25
In respect of short tax provision for earlier years	14.45	-10.66
Deferred tax:		
For current year	325.74	250.02
Income tax expense recognised in the Statement of Profit and Loss	1,086.19	509.61
(ii) Income tax expense recognised in Other Comprehensive Income	-	-

Notes Forming Part of Standalone Financial Statements

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

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Profit before tax	3,312.88	1,780.66
Income tax expense calculated at 25.168% (22-23: 25.168%)	833.79	448.16
Effect of adjustments to reconcile the expected tax expense to reported income tax expense:		
Tax effect on non-deductible expenses	469.16	446.27
Effect of concessions (depreciation and other allowances under income tax act)	-557.35	-624.15
Others	0.41	-0.03
Total	746.00	270.25
Adjustment of tax relating to earlier periods	14.45	-10.66
Tax expense as per Statement of Profit and Loss	760.45	259.59

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 Other Non-Current Liabilities

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Deferred Incentive Income	755.09	564.53
Total	755.09	564.53

17 Current Financial Liabilities - Borrowings

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
At Amortised Cost		
Secured - Working capital Loan From Banks	2,329.12	4,994.41
Current Maturity of Long Term Debt	2,600.00	2,584.53
Total	4,929.12	7,578.94

- 17.1 Working capital Loan from banks as at March 31, 2024 amounting to ₹ 2,329.12 were secured by first charge on all movable and immovable assets of the Company, including current assets. These credit facilities carry average interest rates in the range of 8.84% to 9.95% (March 31, 2023: 8.00% to 9.70%)
- 17.2 There are no material differences between the quarterly statements of stock filed by the company with banks and the books of accounts.
- 17.3 The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

Notes Forming Part of Standalone Financial Statements

18 Current Liabilities - Trade Payables

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Due to		
- Micro and Small Enterprises	73.22	52.53
- Other Than Micro and Small Enterprises	6,653.68	5,639.84
Total	6,726.90	5,692.37

Ageing for Trade Payables Outstanding as on 31st March 2024 is as follows:

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME*	15.27	57.96	-	-	-	73.22
(ii) Others	2,310.95	4,204.92	134.10	-	3.72	6,653.68
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
Total	2,326.21	4,262.87	134.10	-	3.72	6,726.90

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

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

(₹ in Lakhs)

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

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

There are no Micro and Small Enterprise to whom the Company owes dues which are outstanding for more than 45 days as at 31st March, 2024. This information is required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the bases of information available with the company.'

19 Other Current Financial Liabilities

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
At Amortised Cost		
Creditors for Capital Goods	78.19	140.53
Unclaimed Dividends	1.58	1.62
Outstanding Expenses	225.13	143.03
Total	304.90	285.18

Notes Forming Part of Standalone Financial Statements

20 Other Current Liabilities

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Other Payables (Statutory Dues)	39.82	46.41
Revenue Received in Advance	200.54	249.78
Deferred Incentive Income	111.16	111.16
Total	351.52	407.35

21 Current Provisions

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Provision for Employee Benefits	154.97	147.81
Other Provisions	342.55	58.85
Total	497.52	206.66

22 Current Tax Liabilities (Net)

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Current Tax Liabilities (Net)	75.56	25.38
Total	75.56	25.38

23 Revenue from Operations

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Local Sales	43,240.18	42,061.85
Export Sales	14,476.44	16,319.54
Deemed Export Sales	844.92	1,343.37
Sales of Products (Net of GST)	58,561.54	59,724.76
Other Operating Revenues (Refer Note No. 23.1)	424.20	404.56
Total	58,985.74	60,129.32

23.1 Other Operating Revenues

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Export Benefits/Incentives Received	243.62	192.90
Scrap Sales	69.43	100.50
State Government Grant - Industry Promotion Incentive	111.16	111.16
Total	424.21	404.56

Notes Forming Part of Standalone Financial Statements

24 Other Income

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Interest Income	13.31	26.49
Other Non-Operating Income		
Insurance Claim	-	3.31
Profit on Sale of Assets/Investment	-	0.42
Other Income/(Loss)	-	3.19
Total	13.31	33.41

25 Cost of Material Consumed

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Opening Stock of Raw Material and Other Consumables (including Packing Material)	3,960.01	3,085.96
Add: Purchases during the year	46,843.36	47,684.46
Less: Closing Stock at the year end	-6,220.18	-3,960.01
Cost of Material Consumed	44,583.19	46,810.41

26 Change in Inventory

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Inventories (at commencement)		
Finished Goods	3,680.61	4,265.37
Work-in-Progress	92.01	131.11
	3,772.62	4,396.48
Inventories (at Close)		
Finished Goods	3,580.78	3,680.61
Work-in-Progress	119.81	92.01
	3,700.59	3,772.62
Increase in Inventory	72.03	623.86

27 Employee Benefits

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Salaries and Wages	1,606.62	1,491.65
Contribution to Provident and other Funds	119.02	123.25
Staff Welfare Expenses	63.84	69.20
Total	1,789.48	1,684.10

Notes Forming Part of Standalone Financial Statements

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

Particulars	(₹ in Lakhs)	
	Gratuity (funded) 2023-24	Gratuity (funded) 2022-23
a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation		
Defined Benefit Obligation at beginning of the Year	147.54	133.39
Current Service Cost	21.75	23.50
Interest Cost	11.10	9.64
(Benefit Paid From the Fund)	-17.08	-10.87
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	4.47	-4.02
Actuarial (Gains)/Losses on Obligations - Due to Experience	6.05	-4.09
Defined Benefit Obligation at year end	173.82	147.54
b. Reconciliation of opening and closing balances fair value of plan assets		
Fair value of plan assets at beginning of the year	107.27	103.29
Interest Income	8.07	7.47
Contributions by the Employer	10.00	9.50
(Benefit Paid from the Fund)	-17.08	-10.87
Return on Plan Assets, Excluding Interest Income	-0.85	-2.12
Fair Value of Plan Assets at the End of the Period	107.41	107.27
c. Reconciliation of fair value of assets and obligations		
Fair value of plan assets	107.41	107.27
Present value of obligation	-173.82	-147.54
Amount Recognized in Balance Sheet	-66.41	-40.27
d. Expenses recognized in the statement of Profit or Loss for Current Period		
Current Service Cost	21.75	23.50
Interest Cost	11.10	9.64
Interest Income	-8.07	-7.47
Net Cost	24.78	25.67
e. Expenses recognized in Other Comprehensive Income for Current Period		
Actuarial(gain)/ loss	10.51	-8.12
Expected return on plan assets	0.85	2.12
Net Cost	11.37	-6.00
f. Expenses recognized in the statement of Profit or Loss for Next Year		
Current Service Cost	21.75	23.50
Net Interest Cost	3.03	2.18
Net Cost	24.78	25.67
g. Maturity Analysis of Benefit Payments		
Project Benefits Payable in Future Years from the date of Reporting		
1 st Following Year	12.60	12.15
2 nd Following Year	11.71	8.92
3 rd Following Year	10.90	9.50
4 th Following Year	12.25	12.16
5 th Following Year	11.73	10.75
Sum of Years 6 to 10	75.15	57.57
Sum of Years 11 and above	251.69	250.51

Notes Forming Part of Standalone Financial Statements

Particulars	(₹ in Lakhs)	
	Gratuity (funded) 2023-24	Gratuity (funded) 2022-23
h. Sensitivity Analysis		
Project Benefits Obligation on current assumptions	173.82	147.54
Delta effect of +1% Change in Rate of Discounting	-14.16	-12.55
Delta effect of -1% Change in Rate of Discounting	16.44	14.70
Delta effect of +1% Change in Rate of Salary Increase	15.58	14.11
Delta effect of -1% Change in Rate of Discounting	-13.83	-12.36
Delta effect of +1% Change in Rate of Employee Turnover	2.87	3.08
Delta effect of -1% Change in Rate of Employee Turnover	-3.28	-3.57
The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.		
The sensitivity analysis presented above may not be representative of actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.		
Furthermoew, in presenting the above sensitivity analysis, the present value of projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected present obligation as recognised in the balance sheet.		
There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.		
i. Investment Details		
L.I.C Group Gratuity (Cash Accumulation) Policy	100% Invested with L.I.C.	100% Invested with L.I.C.
j. Actuarial assumptions		
Mortality Table (L.I.C.)	2012-14 (Urban)	2012-14 (Urban)
Discount rate (per annum)	7.22%	7.23%
Expected rate of return on plan assets (per annum)	7.22%	7.23%
Rate of escalation in Salary (per annum)	5.00%	5.00%
Rate of employee turnover	5.00%	5.00%

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

Leave Encashment liability amounting to ₹ 51.81 lakhs (Previous Year - ₹ 70.05 lakhs) has been provided in the Books of Accounts.

28 Finance Cost

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Interest	1,396.57	1,466.05
Other Borrowing Costs	6.79	12.57
Sub Total	1,403.36	1,478.62

29 Depreciation and Amortisation Expenses

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Depreciation of Property, Plant and Equipment (Refer Note No.1)	1570.24	1511.32
Amortisation of Intangible Assets (Refer Note No.1)	9.34	37.37
Depreciation on ROU Assets (Refer Note No.1)	18.44	-
Total Depreciation and Amortisation Expenses	1598.02	1548.69

Notes Forming Part of Standalone Financial Statements

30 Other Expenses

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Manufacturing Expenses		
Freight, Cartage & Transport	875.10	728.95
Power and Fuel	1,522.40	1,451.16
Water Charges	74.71	73.22
Processing Charges	-	5.90
Labour/Helper Charges, Security Services	532.34	440.60
Effluent Treatment Cost	40.17	57.94
Repairs & Maintenance	433.01	350.29
Insurance Charges	271.08	256.46
Factory Administrative Expenses	164.12	206.80
Other Manufacturing Expenses	89.15	79.70
Sub-Total (A)	4,002.08	3,651.02
Office Administrative Expenses		
Rent, Rates and Taxes	14.12	15.56
Travelling and Conveyance	133.99	71.66
Auditor's Remuneration	8.09	7.22
Legal & Professional Charges	110.78	92.05
Postage, Telegraph & Telephone	1.71	8.10
Printing & Stationery Expenses	3.15	2.15
ROC & Other Filing Fees	0.82	0.28
Directors Sitting Fees	2.32	2.14
Provision for Expected Credit Loss	58.42	-
Other Administrative Expenses	75.23	63.09
Sub-Total (B)	408.63	262.24
Selling and Distribution Expenses		
Advertisement & Sales Promotion	16.86	41.66
Export Freight Expenses, Outward Freights	1,755.94	2,243.52
Sample Testing & Analysis Charges	13.87	15.88
Other Selling Expenses	8.53	0.10
Sub-Total (C)	1,795.20	2,301.16
Non-Operating Expenses		
CSR Expenses	34.09	21.83
Donations	0.09	0.14
Sub-Total (D)	34.18	21.97
Total (A+B+C+D)	6,240.09	6,236.39

31 Earning Per Share (EPS)

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Face Value Per Equity Share (in ₹)	10.00	10.00
Basic Earnings Per Share (in ₹)	27.81	16.64
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in Lakhs)	2,226.69	1,271.05
Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (₹ in Lakhs)	80.07	76.36

Notes Forming Part of Standalone Financial Statements

(₹ in Lakhs)

Particulars	As at	
	31 st March, 2024	31 st March, 2023
Diluted Earnings Per Share (in ₹)	26.27	16.48
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in Lakhs)	2,226.69	1,271.05
Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (₹ in Lakhs)	84.77	77.14
Reconciliation of weighted average number of equity shares outstanding		
Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (₹ in Lakhs)	80.07	76.36
Add: Unpaid Amount (₹ 6 per share) of Rights Issue of 18273 shares, w.e.f 09.02.2023	4.69	0.78
Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (₹ in Lakhs)	84.77	77.14

31.1 The Rights Issue Committee in its meeting held on 09th January, 2023 approved issuance of 8,92,291 nos. of fresh equity shares at rate of ₹ 555 per Equity Share (including premium of ₹ 545 per Equity Share) on Rights Basis in the ratio of 2:17. The Company has completed allotment of shares on 15th February, 2024 (Except for 18273 Shareholders who has not paid the final call of ₹ 333 per equity shares including premium of ₹ 327 per equity share) and this has been considered appropriately for calculation of Weighted Average numbers of Equity Shares for Basic and Diluted EPS for quarter and year ended 31st March, 2024 and 31st March, 2023.

32 Payment to Auditors

(₹ in Lakhs)

Particulars	As at	
	31 st March, 2024	31 st March, 2023
a. Statutory Audit Fees	7.50	6.60
b. Certification Fees*	0.33	1.45
c. Reimbursement of Expenses	0.26	0.42
Total	8.09	8.47

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

33 Contingent Liabilities and Commitments

(₹ in Lakhs)

Particulars	As at	
	31 st March, 2024	31 st March, 2023
(a) Contingent Liabilities		
Claims against the Company not acknowledged as debts comprise of claims disputed by the Company relating to issues of applicability, classification, deductibility, etc. (Refer Note below)		
Claim against the company not acknowledged as debt - Unpaid		
(i) Sales Tax	127.33	123.31
(ii) Extry Tax related matters	38.26	38.26
(iii) Customs Duty	670.86	670.86
Sub-Total (i)	836.45	832.43

Notes Forming Part of Standalone Financial Statements

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Claim against the company not acknowledged as debt - paid		
(i) Extry Tax related matters	55.02	54.57
(ii) Customs Duty	225.32	225.32
(iii) Stamp Duty	147.24	147.24
Sub-Total (ii)	427.58	427.13
Sub-Total A (i+ii)	1,264.03	1,259.56
(b) Commitments		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	150.35	50.02
Sub-Total (B)	150.35	50.02
Total (A+B)	1,414.38	1,309.58

Note:

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

34 Corporate Social Responsibility

Corporate Social Responsibility expenditure

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
(a) Gross amount required to be spent by the Company during the year	33.37	21.80
(b) Amount approved by the Board to be spent during the year		
Construction / acquisition of any asset	-	-
On purposes other than above	33.37	23.00
Total	33.37	23.00
(c) Amount spent during the year		
Construction / acquisition of any asset	-	-
On purposes other than above	34.09	21.83
Total	34.09	21.83
(d) Details of ongoing project and other than ongoing project		
(i) In case of Section 135(6) (ongoing project)		
Opening Balance - With Company	-	-
- In Separate CSR Unspent A/c	-	-
Amount required to be spent during the year	-	-
Amount spent during the year - From Company's bank A/c	-	-
- From Separate CSR Unspent A/c	-	-
Closing Balance - With Company	-	-
- In Separate CSR Unspent A/c	-	-
(ii) In case of Section 135(5) (other than ongoing project)		
Opening Balance	0.03	1.69
Amount deposited in Specified Fund of Sch. VII within 6 months	-	-
Amount required to be spent during the year	33.37	21.80
Amount spent during the year	34.09	21.83
Closing balance (Excess spent)	0.75	0.03

Notes Forming Part of Standalone Financial Statements

(₹ in Lakhs)

Particulars	As at	
	31 st March, 2024	31 st March, 2023
(e) Details related to spent / unspent obligations :		
(i) Animal Welfare	2.00	-
(ii) Others (Healthcare & Education Facilities)	32.09	21.83
(iii) Unspent amount in relation to:		
- Ongoing projects	-	-
- Other than ongoing projects	-	-
Total	34.09	21.83

Nature of CSR activities undertaken by the Company

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

- (i) Animal Welfare - Towards rescue, treatment and rehabilitation of distressed wildlife.
- (ii) Healthcare & Education Facilities - Distribution of medical equipments, Distribution of Benches, Chairs & Computers at Schools, Constuction of Healthcare facilities for special needs and autism individuals.

35 Segment Information

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

Revenue from Type of Products and Services

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

Secondary Segment Information

(₹ in Lakhs)

Particulars	FY 2023-24	
	FY 2023-24	FY 2022-23
Segment Revenue - External Turnover		
Local Sales	43,240.18	42,061.85
Export Sales	14,476.44	16,319.54
Deemed Export Sales	844.92	1,343.37
Total	58,561.54	59,724.76
Non-Current Assets*		
Within India	21,597.57	21,445.87
Outside India	-	-
Total	21,597.57	21,445.87

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

Information about major customers

Ind As 108 Segment Reporting Requires Disclosure of reliance on its Major customers if Revenue from transactions with single external customer amounts to 10 per cent or more of company's total Revenue. Company's total Sales Revenue of ₹ 58,561.54 Lakhs (P.Y. ₹ 59,724.76 Lakhs) include sales of ₹ 37,493.61 Lakhs (P.Y. ₹ 31,549.45 Lakhs) to two large customers with whom the company is having long standing Relationship.

Notes Forming Part of Standalone Financial Statements

36 Related Party Disclosures

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

36.1 Subsidiary company

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

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

Sr. No.	Name of the Related Party	Relationship
1	Mr. Chandrakant Vallabhaji Gogri	Non-Executive Director
2	Mr. Nikhil Parimal Desai	Managing Director
3	Mr. Dattatray Sidram Galpalli	Non-Executive Director
4	Mr. Santosh Madhaorao Kakade	Executive Director
5	Mr. Mulesh Manilal Savla	Independent Director
6	Mrs. Misha Bharat Gala	Independent Director
7	Mr. Rashesh Gogri	Promoter Group
8	Mr. Prashant Gaikwad	Company Secretary (Resigned w.e.f April 14, 2022)
9	Mrs. Priyanka Chaurasia	Company Secretary (Appointed w.e.f July 25, 2022)
10	Mr. Nitesh Medh	Chief Financial Officer
11	Aarti Surfactants Limited Employees Group Gratuity Scheme	Post Employment Benefit Trust

36.3 Transactions during the year with Related Parties

Sr. No.	Name of the Related Party	FY 2023-24	FY 2022-23
(₹ in Lakhs)			
Key Management personnel and their relatives			
1	Remuneration*	272.05	150.82
2	Sitting Fees	2.32	2.14
Wholly Owned Subsidiary			
3	Investment in Aarti HPC Limited	50.00	474.50
4	Loan to Aarti HPC Limited**	-	1.89
5	Interest Received from Aarti HPC Ltd on Loan	0.18	16.84
Post Employment Benefit Trust			
6	Contribution during the year	10.00	9.50
Promoter Group			
7	Rent Paid to Rashesh Gogri	11.37	10.80

* Provision towards gratuity and leave encashment expenses are determined actuarially for the Company as a whole on an annual basis and accordingly have not been considered in the above information.

**The Company had given unsecured loan to its wholly owned subsidiary Aarti HPC Limited. The loan carried an interest rate of 8.5%p.a. and was repayable on demand, Maximum amount outstanding during the year was ₹ 5.12 Lakhs (PY ₹ 471.62 Lakhs)

36.4 Balances outstanding at the end of the year with Related Parties

Sr. No.	Name of the Related Party	FY 2023-24	FY 2022-23
(₹ in Lakhs)			
1	Aarti HPC Ltd	-	3.06
2	Aarti Surfactants Limited Employees Group Gratuity Scheme	107.41	107.27

Notes Forming Part of Standalone Financial Statements

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	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Gross Debt	9,722.55	14,913.25
Less: Cash and Cash Equivalent	614.99	761.80
Net Debt (A)	9,107.56	14,151.45
Total Equity (As per Balance Sheet) (B)	21,924.68	16,811.98
Net Gearing Ratio (A/B)	0.42	0.84

38 Financial Instruments

A. Fair Value Measurement Hierarchy

Particulars	(₹ in Lakhs)			
	Carrying Amount	As at 31 st March, 2024		
		Level of Input Used		
		Level 1	Level 2	Level 3
Financial Assets				
At Amortised Cost				
Trade Receivables	7,010.72	-	-	-
Cash and Cash Equivalents	614.99	-	-	-
Bank balances other than cash & cash equivalents	6.55			
Loans	12.14	-	-	-
Others	417.59	-	-	-
At Cost				
Investments	525.03	-	-	-
Financial Liabilities				
At Amortised Cost				
Borrowings - Non Current	4,793.43	-	-	-
Borrowings - Current	4,929.12	-	-	-
Trade Payables	6,726.90	-	-	-
Others	304.90	-	-	-

Notes Forming Part of Standalone Financial Statements

(₹ in Lakhs)

Particulars	As at 31 st March, 2023			
	Carrying Amount	Level of Input Used		
		Level 1	Level 2	Level 3
Financial Assets				
At Amortised Cost				
Trade Receivables	6,536.24	-	-	-
Cash and Cash Equivalents	761.80	-	-	-
Bank balances other than cash & cash equivalents	6.60			
Loans	14.83	-	-	-
Others	2,177.60			
At Cost				
Investments	475.03	-	-	-
Financial Liabilities				
At Amortised Cost				
Borrowings - Non Current	7,334.31	-	-	-
Borrowings - Current	7,578.94	-	-	-
Trade Payables	5,692.37	-	-	-
Others	285.18	-	-	-

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

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

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

Level 3: Inputs based on unobservable market data.

B. Financial Risk Management

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

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

a. Market Risk

(i) Foreign currency risk

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

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

Notes Forming Part of Standalone Financial Statements

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

	As at 31 st March 2024		As at 31 st March 2023	
	Amount in foreign currency - USD in Lakhs	Amount in Rupees - in Lakhs	Amount in foreign currency - USD in Lakhs	Amount in Rupees - in Lakhs
Liabilities				
United States Dollar (\$)	49.47	4,126.34	37.57	3,087.52
	49.47	4,126.34	37.57	3,087.52
Assets				
United States Dollar (\$)	38.36	3,199.51	29.08	2,389.29
	38.36	3,199.51	29.08	2,389.29
Net foreign currency denominated monetary liability/(asset) (total)				
United States Dollar (\$)	11.11	926.83	8.50	698.24
Foreign exchange derivatives				
USD (Hedged)	-	-	-	-
Net foreign currency denominated monetary liability/(asset) (unhedged)				
United States Dollar (\$)	11.11	926.83	8.50	698.24

Foreign Currency Risk Sensitivity

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

	FY 2023-24		FY 2022-23	
	+ 100 BPS	- 100 BPS	+ 100 BPS	- 100 BPS
United States Dollar (\$)	-9.27	9.27	-6.98	6.98

(ii) Commodity Price Risk

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

(iii) Interest Risk

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

	As at 31 st March 2024			As at 31 st March 2023		
	Fixed Rate	Floating Rate*	Total	Fixed Rate	Floating Rate*	Total
Indian National Rupee (INR) - Total	2,159.89	7,562.66	9,722.55	2,087.09	12,826.16	14,913.25
Indian National Rupee (INR) - Hedged (interest rate swaps)	-	-	-	-	-	-
Indian National Rupee (INR) - Unhedged	2,159.89	7,562.66	9,722.55	2,087.09	12,826.16	14,913.25
% of Total Borrowings	22.22%	77.78%	100.00%	13.99%	86.01%	100.00%

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

Notes Forming Part of Standalone Financial Statements

Interest Rate Sensitivity

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

	(₹ in Lakhs)	
	FY 2023-24	FY 2022-23
50 BPS increase would (decrease) the Profit before Tax by	-37.81	-64.13
50 BPS decrease would increase the Profit before Tax by	37.81	64.13

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, 2024

	(₹ in Lakhs)			
Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Borrowings - Non Current	-	4,793.43	-	4,793.43
Borrowings - Current	4,929.12	-	-	4,929.12
Others Financial Liabilities - Current	304.90			304.90
Trade Payables	6,726.90	-	-	6,726.90
Total	11,960.92	4,793.43	-	16,754.35

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

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

Notes Forming Part of Standalone Financial Statements

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

- (a) The Company does not have any benami property held in its name. No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- (b) The Company has complied with the requirement with respect to number of layers as prescribed under section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.
- (c) Utilisation of borrowed funds and share premium:
- (i) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- (ii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- (d) There is no income surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (such as search or survey), that has not been recorded in the books of account.
- (e) The Company has not traded or invested in crypto currency or virtual currency during the year.

40 Disclosure for Struck off companies

The company does not have any transactions with companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.

41 Ratio Analysis

Sr. No.	Ratio	Numerator	Denominator	As at 31 st March 2024	As at 31 st March 2023	% Change
1	Current ratio	Current Assets	Current Liabilities = Total current liabilities	1.54	1.28	20.19%
2	Net Debt- Equity ratio	Net debt = Non-current borrowings + Current borrowings - Cash and cash equivalents	Average Equity [Equity = Equity share capital + Other equity]	0.47	0.93	-49.48%
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)	1.58	1.72	-8.58%

Notes Forming Part of Standalone Financial Statements

Sr. No.	Ratio	Numerator	Denominator	As at 31 st March 2024	As at 31 st March 2023	% Change
4	Return on Equity ratio	Profit after tax	Average total equity [Equity = Equity share capital + Other equity]	11.50%	8.36%	37.51%
5	Inventory Turnover ratio	Cost of goods sold	Average Inventory	5.06	6.24	-18.86%
6	Trade Receivable Turnover ratio	Revenue from Sale of Products and Services	Average Trade Receivable	8.65	9.97	-13.27%
7	Trade Payable Turnover ratio	Cost of goods sold and Other Expenses	Average Trade Payables	8.20	8.45	-3.01%
8	Net Capital Turnover ratio	Revenue from Operations	Working capital = Current assets – Current liabilities	8.40	14.91	-43.64%
9	Net Profit ratio	Profit after tax	Revenue from operations	3.77%	2.11%	78.58%
10	Return on Capital Employed	Earnings before interest and tax	Average Capital Employed [Capital Employed = Total Equity + Total non-current liabilities]	17.43%	12.80%	36.24%
11	Return on Investment	Income generated from Investments	Average Investments	NIL	NIL	-

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

- (i) Improvement in Return on Equity, Net Profit and Return on Capital Employed ratio largely on account with the improved profitability.
- (ii) Improvement in Net Debt-Equity is on account of term loan repayment during the year.
- (iii) Decrease in Net capital turnover is on account of increase in current assets during the year.

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

For and on behalf of the Board

Partner
Uday Girjapure
M.No. 161776

Chandrakant Gogri
Director

DIN : 0005048

Nikhil Desai
CEO & Managing
Director

DIN : 01660649

Priyanka Chaurasia
Company Secretary

ICSI M.No.A44258

Nitesh Medh
Chief Financial Officer

ICAI M.No : 155868

Place: Mumbai
Date: 22nd April, 2024

Consolidated Financial Statements

Independent Auditors' Report

**To the members of
Aarti Surfactants Limited**

Report on the Audit of the Consolidated Financial Statements

OPINION

We have audited the accompanying Consolidated Financial Statements of **Aarti Surfactants Limited** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March 2024, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity, for the year then ended and notes to the financial statements including material accounting policies and other explanatory information (herein after referred as "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2024, and their consolidated profit, consolidated total comprehensive

income, consolidated cash flows and consolidated changes in equity for the year ended on that date.

BASIS OF OPINION

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

KEY AUDIT MATTERS

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

Key Audit Matters

Assessment of Contingent liabilities and Provisions (Refer Note No. 33 to the Consolidated Financial Statements):

The group undergoes assessment proceedings periodically with direct and indirect tax authorities. As of March 31, 2024, although the group has not made any provisions for certain direct and indirect taxes, it has paid some amounts under protest, which are presented in 'Other Non-Current Assets' due to the uncertainty regarding the timing of resolution and has disclosed a contingent liability of ₹ 1264.03 lakhs (FY 2023 ₹ 1259.56 lakhs).

Auditor's Response

Our audit procedures, amongst others, include the following:

- Understanding and evaluating the process and controls designed and implemented by management around the assessment of tax and other litigations, including testing the operating effectiveness of the relevant controls.
- Enquiring with relevant personnel of the group entities to obtain a comprehensive list of matters under litigation.

Key Audit Matters	Auditor's Response
<p>Estimating the possible outflow of economic resources and determining the appropriate level of provisioning and disclosures in the financial statements involve significant management judgment. The management's assessment is supported by advice from independent tax and legal consultants, where deemed necessary. Any unexpected adverse outcomes could significantly impact the group's reported profit and financial position.</p> <p>We considered the above area as a key audit matter due to the associated uncertainty related to the outcome of these tax and litigation matters and the application of judgment in the interpretation of related laws.</p>	<ul style="list-style-type: none"> ● Obtaining details of the litigation matters, inspecting the supporting evidence, and critically assessing management's evaluation through enquiry with management on both the likelihood of outcomes and the magnitude of potential outflows of economic resources. ● Understanding the current status of the tax assessments and other litigations. ● Reading recent orders and/or communications received from the tax authorities and management's responses to such communications. ● Where relevant, reading the independent tax/legal advice obtained by management and evaluating the grounds presented therein. ● Evaluating the independence, objectivity, and competence of the management's tax/legal consultants. ● Together with the auditor's tax experts, assessing the management's evaluation of the likelihood of the outcomes of the litigations and potential financial exposure. ● Evaluating the appropriateness of the presentation and adequacy of disclosures in the financial statements.

INFORMATION OTHER THAN FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

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

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds

and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

AUDITORS' RESPONSIBILITY FOR THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company and its subsidiary companies, which are companies incorporated in India have adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of use of the going concern basis of accounting by the Management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for direction, supervision, and performance of the audit of the Financial Statements or business activities of such entities included in the consolidated financial statements of which we are the Independent Auditors.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's

Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. With respect to matters specified in paragraph 3 (xxi) and 4 of the Companies (Auditor's Report) Order, 2020 ("the Order" or "CARO"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, there are no qualifications or adverse remarks in the Companies (Auditor's Report) Order of the subsidiary which is required to be included in the consolidated financial statements.
2. As required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
 - b. In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Changes in Equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
 - e. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2024, taken on record by the Board of Directors of the respective companies, none of the directors of the Group are disqualified as on 31 March 2024, from being appointed as a director in terms of section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Company and the operating effectiveness of such controls, refer our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements.
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended; in our opinion and to the best of our information and according to the explanations given to us, the remuneration

paid by the Holding Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act read with Schedule V of the Act.

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group (Refer Note no 33 to the consolidated financial statements).
 - (ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company.
 - (iv) (a) The respective managements of the Holding Company and its subsidiary company whose financial statements have been audited under the Act have represented to us to the best of its knowledge and belief, as disclosed in note no. 39(c)(i) to the consolidated financial statement, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or such subsidiary to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or such subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The respective managements of the Holding Company and its subsidiary whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief, as disclosed in note no. 39(c)(ii) to the consolidated financial statement, no funds have been received by the respective Holding Company or by subsidiary including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or such subsidiary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
 - (v) The Holding Company and its subsidiary has not proposed and/or paid any dividend (interim or final) for the FY 2024.
 - (vi) Reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, and proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1st April 2023.
- Based on our examination which included test checks, the Company and its Subsidiary has used accounting software for maintaining books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year, except that the feature of recording audit trail was not enabled at the application layer of the

accounting software used for maintaining general ledgers for master fields and database level to log any direct changes for the accounting software used for maintaining the books of accounts.

Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record

retention is not applicable for the financial year ended 31 March 2024.

For **Gokhale & Sathe**
Chartered Accountants
Firm Registration Number: 103264W

Uday Girjapure
Partner
Membership Number: 161776
UDIN: 24161776BKFXPG1631

Place: Mumbai
Date: 22 April 2024

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

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

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

Opinion

We have audited the internal financial controls with reference to consolidated financial statements of Aarti Surfactants Limited (the "Holding Company") as on 31st March 2024 in conjunction with our audit of the consolidated financial statements of the Holding Company and its subsidiaries for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company has, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at 31 March 2024, based on the criteria for internal financial control over financial reporting established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Managements' Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiaries are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to

the policies of the Holding Company, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to consolidated financial statements:

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

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group.
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the group are being made only in accordance with authorisations of management and directors of the companies forming part of the group; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of assets of the group that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements:

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

For **Gokhale & Sathe**
Chartered Accountants
Firm Registration Number: 103264W

Uday Girjapure
Partner
Membership Number: 161776
UDIN: 24161776BKFXPG1631

Place: Mumbai
Date: 22 April 2024

Consolidated Balance Sheet

as at 31st March, 2024

(₹ in Lakhs)

Particulars	Note No.	As at 31 st March, 2024	As at 31 st March, 2023
A ASSETS			
1 Non-Current Assets			
(a) Property, Plant and Equipment	1	20,647.54	20,716.88
(b) Right of Use Assets	1	202.81	-
(c) Capital Work-in-Progress	1	689.26	789.98
(d) Intangible Assets	1	-	9.34
(e) Intangible Assets under development	1	74.40	-
(f) Financial Assets			
(i) Other Investments	2	0.03	0.03
(ii) Other Financial Assets	3	290.09	223.08
(g) Other Non-Current Assets	4	377.10	390.60
Total Non-Current Assets		22,281.23	22,129.91
2 Current Assets			
(a) Inventories	5	9,920.77	7,732.63
(b) Financial Assets			
(i) Trade Receivables	6	7,010.72	6,536.24
(ii) Cash and Cash Equivalents	7	624.90	762.25
(iii) Bank balances other than cash & cash equivalents	7	6.55	6.60
(iii) Loans	8	12.14	11.77
(iv) Other Financial Assets	9	136.16	1,962.19
(c) Other Current Assets	10	2,238.46	1,223.31
Total Current Assets		19,949.70	18,235.00
TOTAL ASSETS		42,230.93	40,364.91
B EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	11	846.58	794.14
(b) Other Equity	12	20,964.39	16,008.62
Total Equity		21,810.97	16,802.76
3 LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
- Borrowings	13	4,793.43	7,334.31
(b) Lease Liabilities	14.1	166.09	-
(c) Deferred Tax Liabilities (Net)	15	1,784.01	1,458.27
(d) Other Non-Current Liabilities	16	755.09	564.53
Total Non-Current Liabilities		7,498.62	9,357.11
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	4,929.12	7,578.94
(ii) Trade Payables Due to			
- Micro and Small Enterprises	18	73.22	52.53
- Other Than Micro and Small Enterprises	18	6,656.89	5,648.47
(iii) Others	19	304.90	285.18
(b) Lease Liabilities	14.2	32.21	-
(c) Other Current Liabilities	20	351.52	407.35
(d) Provisions	21	497.92	207.19
(e) Current Tax Liabilities (Net)	22	75.56	25.38
Total Current Liabilities		12,921.34	14,205.04
Total Liabilities		20,419.96	23,562.15
TOTAL EQUITY AND LIABILITIES		42,230.93	40,364.91
Material Accounting Policies			
Accompanying Notes to the Financial Statements	I-42		

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

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

For and on behalf of the Board

Partner
Uday Girjapur
M.No. 161776

Chandrakant Gogri
Director
DIN : 0005048

Nikhil Desai
CEO & Managing
Director
DIN : 01660649

Priyanka Chaurasia
Company Secretary
ICSI M.No.A44258

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

Place: Mumbai
Date: 22nd April, 2024

Consolidated Statement of Profit and Loss

for the Year Ended 31st March, 2024

(₹ in Lakhs)

Particulars	Note No.	For the Year Ended 31 st March, 2024	For the Year Ended 31 st March, 2023
I Revenue from Operations	23	58,985.74	60,129.32
II Other Income	24	13.31	33.41
III Total Income (I+II)		58,999.05	60,162.73
IV EXPENSES			
(a) Cost of Materials Consumed	25	44,583.19	46,810.41
(b) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	26	72.03	623.86
(c) Employee Benefits Expense	27	1,789.48	1,684.10
(d) Finance Costs	28	1,403.36	1,478.62
(e) Depreciation / Amortisation Expenses	1,29	1,603.75	1,548.69
(f) Other Expenses	30	6,328.35	6,236.99
Total Expenses (IV)		55,780.16	58,382.67
V Profit before Exceptional Items and Tax (III-IV)		3,218.89	1,780.06
VI Exceptional Items		-	-
V Profit before Tax (III-IV)		3,218.89	1,780.06
VI TAX EXPENSE			
Current Tax		746.00	270.25
Adjustment of Tax related to earlier periods		14.45	-10.66
Deferred Tax		325.74	250.02
Total Tax Expenses		1,086.19	509.61
VII Profit for the year (V-VI)		2,132.70	1,270.45
VIII OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Statement of Profit and Loss			
- Remeasurement of defined employee benefit plans (net of tax)		-11.37	6.00
Other Comprehensive Income (Net of Tax)		-11.37	6.00
IX TOTAL COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX (VII+VIII)		2,121.33	1,276.45
X Earnings Per Equity Share of Face Value of ₹ 10 Each (EPS) (in ₹)	31		
Basic		26.63	16.64
Diluted		25.16	16.47
Material Accounting Policies			
Accompanying Notes to the Financial Statements	I-42		

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

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

For and on behalf of the Board

Partner
Uday Girjapure
M.No. 161776

Chandrakant Gogri
Director

DIN : 0005048

Nikhil Desai
CEO & Managing
Director

DIN : 01660649

Priyanka Chaurasia
Company Secretary

ICSI M.No. A44258

Nitesh Medh
Chief Financial Officer

ICAI M.No : 155868

Place: Mumbai
Date: 22nd April, 2024

Consolidated Statement of Changes in Equity

for the Year Ended 31st March, 2024

A. Equity Share Capital

Particulars	Amount
As at 31st March, 2022	758.45
Changes in equity share capital during the year 2022-23	35.69
As at 31st March, 2023	794.14
Changes in equity share capital during the year 2023-24	52.44
As at 31st March, 2024	846.58

B. Other Equity

Particulars	Securities Premium	Retained Earnings	Total Other Equity
Balance as at 31st Mar, 2022	-	12,833.32	12,833.32
Profit for the year	-	1,270.45	1,270.45
Remeasurement of defined employee benefit plans (net of tax)	-	6.00	6.00
Rights Issue Expenses	-	-39.47	-39.47
Stamp Duty paid on new equity shares	-	-6.87	-6.87
Securities Premium on Rights Issue	1,945.19	-	1,945.19
Balance as at 31st Mar, 2023	1,945.19	14,063.43	16,008.62
Profit for the year	-	2,132.70	2,132.70
Remeasurement of defined employee benefit plans (net of tax)	-	-11.37	-11.37
Rights Issue Expenses	-	-13.10	-13.10
Stamp Duty paid on new equity shares	-	-10.49	-10.49
#Securities Premium on Rights Issue	2,858.03	-	2,858.03
Balance as at 31st March, 2024	4,803.22	16,161.17	20,964.39

Refer Note 11.5 and 12.

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

Previous year figures have been recasted/restated wherever necessary.

Retained earnings includes Remeasurement Gain (net of tax) on defined benefit plan to the extent of ₹ 6.04 lakhs (Previous Year - ₹ 17.41 Lakhs).

As per our report of even date

For **Gokhale & Sathe**

Chartered Accountants

Firm Registration Number: 103264W

For and on behalf of the Board

Partner

Uday Girjapure

M.No. 161776

Chandrakant Gogri

Director

DIN : 0005048

Nikhil Desai

CEO & Managing Director

DIN : 01660649

Priyanka Chaurasia

Company Secretary

ICSI M.No.A44258

Nitesh Medh

Chief Financial Officer

ICAI M.No : 155868

Place: Mumbai

Date: 22nd April, 2024

Consolidated Cash Flow Statement

for the Year Ended 31st March, 2024

(₹ in Lakhs)

Sr. No.	Particulars	For the Year Ended 31 st March, 2024	For the Year Ended 31 st March, 2023
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before Tax	3,218.89	1,780.06
	Adjusted for:		
	- Finance Costs	1,403.36	1,478.62
	- Depreciation/Amortisation	1,603.75	1,548.69
	- UNREALISED foreign exchange loss/(gain) (net)	-15.99	-24.21
	- Bad debts and irrecoverable balances written off/(written back)	2.79	10.96
	- Project related expenses written off	87.69	-
	- Allowance for expected credit loss made	58.42	-
	- Interest income	-13.31	-26.49
	- Income on account of government grants	-111.16	-111.16
	Operating Profit before Working Capital Changes	6,234.44	4,656.46
	Adjusted for:		
	- (Increase)/Decrease in Trade and Other Receivables	282.96	-213.84
	- (Increase)/Decrease in Inventories	-2,188.14	-250.19
	- (Increase)/Decrease in Trade Payables and Other Current Liabilities	1,531.77	-1,550.51
	Cash Generated from Operations	5,861.02	2,641.92
	Direct Taxes Paid	-664.97	-190.00
	Net Cash Flow from Operating Activities	5,196.05	2,451.92
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Acquisition of Property, Plant and Equipment and Capital Work In Progress	-1,635.28	-1,085.34
	Interest and Dividend Received	13.31	26.49
	(Increase)/ Decrease in Earmarked balances with banks (net)	0.05	-6.60
	Net Cash Flow used in Investing Activities	-1,621.92	-1,065.45
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Net Proceeds from Rights Issue of Shares	2,897.38	1,941.41
	Proceeds/(Repayment) from Borrowings	-2,598.21	-1,306.50
	Proceeds/(Repayment) from Current Borrowing (Net)	-2,665.29	-4.62
	Finance Costs Paid	-1,322.83	-1,390.55
	Payment of Lease Liabilities	-12.00	-
	Dividends Paid	-0.03	-0.01
	Stamp Duty Paid on Equity Shares	-10.49	-6.87
	Net Cash Flow from/(used in) Financing Activities	-3,711.47	-767.13
	Net Increase/(Decrease) in Cash and Cash Equivalents	-137.34	619.34
	Opening Balance of Cash and Cash Equivalents	762.25	142.91
	Closing Balance of Cash and Cash Equivalents	624.91	762.25

Notes:

- The accompanying notes are an integral part of the Ind AS financial statements.
- Previous year figures have been recasted/restated wherever necessary.
- The above Cash Flow Statement has been prepared under "Indirect Method" set out in Ind AS-7, issued by Institute of Chartered Accountants of India.
- Cash flows from operating activities include ₹ 34.09 lakhs (Previous Year: ₹ 21.83) being expenses towards Corporate Social Responsibility initiatives.

Consolidated Cash Flow Statement

for the Year Ended 31st March, 2024

5 Cash and Cash Equivalents comprises of:

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
a. Cash on Hand	1.77	1.92
b. Balances with Banks	623.13	760.34
Total Cash and Cash Equivalents	624.90	762.25

6 Reconciliation of Balances in respect of Financial Liabilities.

(₹ in Lakhs)

Particulars	As at 1 st April 2023	Net Cash Flow	Non-Cash Flow Changes		As at 31 st March, 2024
			Net Addition / Accrued Interest	Other Changes	
Non-current Financial Liabilities					
- Borrowings	7,334.31	28.77	30.35	-2,600.00	4,793.43
- Lease Liabilities	-	-	210.30	-44.21	166.09
Current Financial Liabilities					
- Borrowings	7,578.94	-5,249.82	-	2,600.00	4,929.12
- Lease Liabilities	-	-12.00	-	44.21	32.21

(₹ in Lakhs)

Particulars	As at 1 st April 2022	Net Cash Flow	Non-Cash Flow Changes		As at 31 st March, 2023
			Net Addition / Accrued Interest	Other Changes	
Non-current Financial Liabilities					
- Borrowings	10,537.17	-690.94	72.61	-2,584.53	7,334.31
- Lease Liabilities	-	-	-	-	-
Current Financial Liabilities					
- Borrowings	5,614.59	-620.18	-	2,584.53	7,578.94
- Lease Liabilities	-	-	-	-	-

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

For and on behalf of the Board

Partner

Uday Girjapure

M.No. 161776

Chandrakant Gogri

Director

DIN : 0005048

Nikhil Desai

CEO & Managing
Director

DIN : 01660649

Priyanka Chaurasia

Company Secretary

ICSI M.No.A44258

Nitesh Medh

Chief Financial Officer

ICAI M.No : 155868

Place: Mumbai

Date: 22nd April, 2024

Corporate Information and Material Accounting Policies:

A. Corporate Information

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

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

The Equity Shares and Redeemable Preference Shares of the Holding Company are listed on the National Stock Exchange of India Limited ("NSE") and the BSE Limited ("BSE") in India.

B. Material Accounting Policies

B.1 Statement of Compliance

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

The Consolidated Financial Statements of the group for the year ended 31.3.2024 were approved for issue in accordance with a resolution of the Board of Directors of the Holding Company in its meeting held on 22nd April, 2024.

B.2 Basis of Preparation and Presentation

The Consolidated Financial Statements are prepared in accordance with the historical cost basis, except for certain financial instruments that are measured at fair values, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116- Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 – Inventories or value in use in Ind AS 36 – Impairment of Assets.

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

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

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

Corporate Information and Material Accounting Policies:

B.3 Critical Accounting Estimates, Assumptions and Judgments:

The preparation of consolidated financial statements in conformity with the recognition and measurement principles of Ind AS requires management of the Holding Company to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of consolidated financial statements and the reported amounts of income and expenses for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The Holding Company uses the following critical accounting judgements, estimates and assumptions in preparation of its consolidated financial statements:

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

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

(b) Defined Benefit Plans (Gratuity)

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

in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(c) Provisions, Contingent Liabilities and Contingent Assets

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

(d) Provision for Income Tax and Deferred Tax Assets

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

(e) Leases

The respective management of the group companies evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires

Corporate Information and Material Accounting Policies:

significant judgement. The respective management of the group companies uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The respective management of the group companies determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the respective companies are reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the respective companies are reasonably certain not to exercise that option. In assessing whether the respective company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the respective company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The respective companies revise the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated.

B.4 Material Accounting Policies

(a) Current and Non-Current Classification

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

An asset is treated as Current when it is –

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

All other assets are classified as non-current.

A liability is considered as Current, when –

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

All other liabilities are classified as non-current.

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

(b) Property, Plant and Equipment (PPE)

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

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

Property, Plant and Equipment which are Material 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 Group and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation

Corporate Information and Material Accounting Policies:

and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of intangible assets.

Software

The expenditure incurred is amortised over the five years equally commencing from the date of acquisition

Research and Development

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical and economic feasibility and marketability has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property, Plant and Equipment utilised for research and development are capitalised and depreciated in accordance with the policies stated for Property, Plant and Equipment.

(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 in Material 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 Material risks of ownership or future obligations with respect to the goods shipped is not retained. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discount and schemes offered by the Group as part of the contract. Revenue from Sale of Scrap and obsolete stores is accounted for at the time of disposal.
- (ii) Export entitlements are recognized on realization.
- (iii) Revenue in respect of Interest is recognized on the time proportion method.
- (iv) Industrial Promotion Incentive granted by State Government is recognised when claim in respect of Entitlement is made & admitted after close of yearly Sales Tax Assessment.
- (v) Dividend Income is recognised when the right to receive the amount has been established.

(g) Government Grants

- (i) Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Corporate Information and Material Accounting Policies:

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

(h) Depreciation/Amortization

Depreciation 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	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 Loss.

(k) Leases

As a lessee:

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

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

Corporate Information and Material Accounting Policies:

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.

The Holding Company has taken various residential and office premises under operating lease or leave and license agreements. These are cancellable by the Holding Company, having a term between 11 months and five years and have no specific obligation for renewal. Payments are recognised in the Consolidated Statement of Profit and Loss under 'Rent' in Note 30.

(i) 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.

Corporate Information and Material Accounting Policies:

Post-retirement Benefits

Defined Contribution Plans

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

Defined Benefit Plans

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

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

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

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

(o) Taxes on Income

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

Current Tax

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

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

The respective companies offset 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.

Corporate Information and Material Accounting Policies:

p. Financial Assets, Financial Liabilities and Equity Instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired.

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

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Group.

Notes Forming Part of Consolidated Financial Statements

FY 2023-24

Particulars	(₹ in Lakhs)									
	GROSS BLOCK					DEPRECIATION			NET BLOCK	
	Balance as at 1 st April, 2023	Additions	Deletion	Balance as at 31 st Mar, 2024	Balance as at 1 st April, 2023	Depreciation charge for the Period	Deletion	Balance as at 31 st Mar, 2024	Balance as at 31 st Mar, 2024	Balance as at 31 st March, 2023
I Property, Plant and Equipment										
I Tangible Assets										
Freehold Land	47.62	-	-	47.62	-	-	-	-	47.62	47.62
Leasehold Land	802.96	-	-	802.96	91.19	61.32	-	152.51	650.45	711.77
Buildings	2,793.66	432.05	-	3,225.71	521.72	154.98	-	676.70	2,549.01	2,271.94
Plant and Machinery	25,361.65	1,012.08	-	26,373.73	7,924.18	1,322.00	-	9,246.18	17,127.55	17,437.47
Furniture and Fixtures & Computers	336.19	45.00	-	381.19	195.81	45.14	-	240.95	140.24	140.38
Vehicles	247.22	57.64	-	304.86	139.51	32.68	-	172.19	132.67	107.71
Total	29,589.29	1,546.77	-	31,136.07	8,872.41	1,616.11	-	10,488.53	20,647.54	20,716.88
II Right of Use Assets										
Product Registration Rights	186.84	-	-	186.84	177.49	9.34	-	186.84	0.00	9.34
Total	186.84	-	-	186.84	177.49	9.34	-	186.84	0.00	9.34
IV Capital Work-in-Progress	789.98	1,446.05	1,546.77	689.26	-	-	-	-	689.26	789.98
V Intangible Asset under development	-	74.40	-	74.40	-	-	-	-	74.40	-

Notes Forming Part of Consolidated Financial Statements



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FY 2022-23

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Balance as at 1 st April, 2022	Balance as at 31 st Mar, 2023	Balance as at 1 st April, 2022	Depreciation charge for the Period	Deletion	Balance as at 31 st Mar, 2023	Balance as at 31 st Mar, 2023	Balance as at 31 st March, 2022
1 Property, Plant and Equipment								
I Tangible Assets								
Freehold Land	47.62	47.62	-	-	-	-	47.62	47.62
Leasehold Land	474.03	802.96	328.93	15.45	-	91.19	711.77	398.29
Buildings	2,274.08	2,793.66	519.58	142.09	-	521.72	2,271.94	1,894.45
Plant and Machinery	21,346.04	25,361.65	4,015.61	1,273.49	-	7,924.18	17,437.47	14,695.35
Furniture and Fixtures	266.84	336.19	69.35	53.96	-	195.81	140.38	124.98
Vehicles	174.77	247.22	72.44	26.34	-	139.51	107.71	61.61
Total	24,583.38	29,589.29	5,005.91	1,511.33	-	8,872.41	20,716.88	17,222.30
II Intangible Assets								
Product Registration Rights	186.84	186.84	-	37.37	-	177.49	9.34	46.71
Total	186.84	186.84	-	37.37	-	177.49	9.34	46.71
III Capital Work-in-Progress	5,205.56	789.98	590.34	-	-	-	789.98	5,205.56

NOTES -

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

Notes Forming Part of Consolidated Financial Statements

Capital Work-in-Progress Ageing

Ageing for Capital Work-in-Progress as at 31st March, 2024 is as follows:

(₹ in Lakhs)

Capital Work-in-Progress	Amount in capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	434.71	120.29	115.91	18.35	689.26
Projects temporarily suspended	-	-	-	-	-
	434.71	120.29	115.91	18.35	689.26

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

(₹ in Lakhs)

Capital Work-in-Progress	Amount in capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	309.82	344.89	135.28	-	789.98
Projects temporarily suspended	-	-	-	-	-
	309.82	344.89	135.28	-	789.98

Ageing for Intangible Assets under development as at 31st March, 2024 is as follows:

(₹ in Lakhs)

Intangible Assets under development	Amount in Intangible asset under development for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	74.40	-	-	-	74.40
Projects temporarily suspended	-	-	-	-	-
	74.40	-	-	-	74.40

NOTES -

- There are no material projects whose completion is overdue as compared to its original plan as at 31st March 2024.
- There were no material projects which have exceeded their original plan cost as at 31st March, 2024.
- There were no Intangible Assets under development as at 31st March, 2023.

2 Non Current Financial Assets - Investments

(₹ in Lakhs)

Particulars	Number of Units/Shares (all fully paid up)				As at 31 st March, 2024	As at 31 st March, 2023
	Opening Balance	Acquisition	Disposal	Closing Balance		
2.1 In UnQuoted Equity Shares (Other Investments)						
SVC Co Operative Bank Limited	25	-	-	25	0.03	0.03
Total	25	-	-	25	0.03	0.03

Notes Forming Part of Consolidated Financial Statements

3 Other Financial Assets

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Deposits	290.09	223.08
Total	290.09	223.08

4 Other Non-Current Assets

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Capital Advance	4.54	18.04
Balance with Customs, Central Excise, GST and State Authorities	372.56	372.56
Total	377.10	390.60

5 Current Assets – Inventories

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Raw Materials and Components (incl of In-transit stock)	5,892.68	3,660.41
Work-in-progress	119.81	92.01
Finished Goods (incl of In-transit stock)	3,580.78	3,680.61
Stores and spares	213.64	148.65
Fuel	63.31	95.43
Packing Materials	50.55	55.52
Total	9,920.77	7,732.63

5.1 Goods in Transit

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Raw Materials and Components	1,318.72	556.09
Finished Goods	498.05	340.31
Total	1,816.77	896.41

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

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

6 Current Financial Assets – Trade Receivables

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Unsecured and considered good	7,039.15	6,536.24
- Credit Impaired	99.96	69.97
- Allowance for expected credit loss	-128.39	-69.97
Total	7010.72	6536.24

Notes Forming Part of Consolidated Financial Statements

Ageing for Trade Receivables – Current Outstanding as on 31st March 2024 is as follows:

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	5,198.76	1,372.23	264.16	187.42	7.83	8.76	7,039.16
(ii) Disputed Trade Receivables – credit impaired				25.61		74.35	99.96
	5,198.76	1,372.23	264.16	213.03	7.83	83.11	7,139.12
Less: Allowance for expected credit loss							-128.39
Total							7,010.72

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

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	4,935.90	1,445.30	135.82	4.32	9.74	5.16	6,536.24
(ii) Disputed Trade Receivables – credit impaired						69.97	69.97
	4,935.90	1,445.30	135.82	4.32	9.74	75.13	6,606.20
Less: Allowance for expected credit loss							-69.97
Total							6,536.24

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

7 Current Financial Assets – Cash and Bank Balances

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Cash on Hand	1.77	1.92
Balances with Banks	623.13	760.34
Total cash and cash equivalents	624.90	762.25
Earmarked balances with banks*	6.55	6.60
Bank balances other than cash and cash equivalents	6.55	6.60

*Earmarked balances with banks represent amount set aside for payment of dividend and Margin Deposits.

8 Loans

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Loan to Employees	12.14	11.77
Total	12.14	11.77

Notes Forming Part of Consolidated Financial Statements

9 Current Other Financial Assets

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Insurance Claim Receivable	135.87	1,015.06
Others Receivable	0.29	947.13
Total	136.16	1,962.19

10 Other Current Assets

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Balance with Customs, Central Excise, GST and State Authorities	1,580.16	730.52
Subsidy Receivable (Industry Promotion Incentive)	436.02	134.30
Prepaid Expenses	155.50	209.10
Advance to Suppliers	66.78	149.39
Total	2,238.46	1,223.31

11 SHARE CAPITAL:

Particulars	(₹ in Lakhs)	
	As at 31 st Mar, 2024	As at 31 st March, 2023
Authorised Share Capital	-	-
3,18,70,000 Equity Shares of ₹10/- each	3,187.00	3,187.00
81,30,000 Redeemable Preference Shares of ₹10/- each	813.00	813.00
	4,000.00	4,000.00
Issued, Subscribed & Paid up		
84,76,768 Equity Shares of ₹10/- each fully paid up	847.68	758.45
(8,92,291 Equity Shares of ₹10/- each, ₹4 paid up)		35.69
Less: Calls Unpaid on 18,273 Shares (Refer Note No 11.5 below)	-1.10	-
TOTAL	846.58	794.14

11.1 Reconciliation of number of Equity Shares outstanding:

Particulars	(₹ in Lakhs)	
	No' Of Shares	
	As at 31 st March, 2024	As at 31 st March, 2023
Equity Shares at the beginning of the year	84,76,768	75,84,477
Add: Shares issued during the year Pursuant to Rights Issue	-	8,92,291
Equity Shares at the end of the year	84,76,768	84,76,768

11.2 Rights, preferences and restrictions attached to equity shares :

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

Notes Forming Part of Consolidated Financial Statements

11.3 Dividend

The Companies in the Group declare and pay dividends in Indian rupees. The dividend proposed by the Board of Directors of the respective companies is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended March 31, 2024, the group companies did not propose any dividend (Previous year - Nil) to the equity shareholders of the respective companies.

11.4 Partly Paid up Rights Issue of Equity Shares :

The Rights Issue Committee of the Holding Company in its meeting held on 09th January, 2023 approved issuance of 8,92,291 nos. of fresh equity shares at rate of ₹ 555 per Equity Share (including premium of ₹ 545 per Equity Share) on Rights Basis in the ratio of 2:17. The Holding Company has completed allotment of shares on 15th February, 2024 (Except for 18273 Shareholders who has not paid the final call of ₹ 333 per equity shares (including premium of ₹ 327 per equity share).

11.5 The Holding Company had, issued 8,92,291 equity shares of face value of ₹ 10/- each on right basis ('Rights Equity Shares'). In accordance with the terms of issue, ₹ 222/- i.e. 40% of the Issue Price per Rights Equity Share, was received from the concerned allottees on application and shares were allotted. The Board of Directors of the Holding Company has made First and Final call of ₹ 333/- per Rights Equity Share (including a premium of ₹ 327 per share) in January, 2024. As on March 31, 2024, an aggregate amount of ₹ 60.85 lakhs is unpaid.

11.6 Details of shareholders holding more than 5% shares:

(₹ in Lakhs)

Name of the Shareholders	As at 31 st March, 2024		As at 31 st March, 2023	
	No. of Shares	% held	No. of Shares	% held
Jaya Chandrakant Gogri	11,51,831	13.59	11,51,831	13.59
Nikhil Holdings Private Limited	10,07,574	11.89	10,07,574	11.89

11.7 Details of shares held by promoter/promoter group

(₹ in Lakhs)

Name of the Shareholders	As at March 31, 2024		As at March 31, 2023		%change during the year
	No. of Shares	% held	No. of Shares	% held	
Jaya Chandrakant Gogri	11,51,831	13.59	11,51,831	13.59	-
Nikhil Holdings Private Limited	10,07,574	11.89	10,07,574	11.89	-
Rashesh Chandrakant Gogri	3,83,438	4.52	3,83,438	4.52	-
Hetal Gogri Gala	2,61,553	3.09	2,61,553	3.09	-
Labhdi Business Trust	2,50,000	2.95	2,50,000	2.95	-
Anushakti Enterprise Pvt Ltd	2,49,250	2.94	2,49,250	2.94	-
Parimal Hashmukhlal Desai	1,19,193	1.41	1,19,193	1.41	-
Tarla Parimal Desai	1,11,765	1.32	1,11,765	1.32	-
Nikhil Parimal Desai	2,65,435	3.13	2,65,435	3.13	-
Alchemie Financial Services Ltd	67,300	0.79	67,300	0.79	-
Manisha Rashesh Gogri	55,000	0.65	55,000	0.65	-
Aarnav Rashesh Gogri	54,999	0.65	54,999	0.65	-
Aashay Rashesh Gogri	54,999	0.65	54,999	0.65	-
Gogri Finserv Pvt Ltd	26,410	0.31	26,410	0.31	-
Indira Madan Dedhia	1,44,636	1.71	1,44,636	1.71	-
Bhanu Pradip Savla	17,564	0.21	17,564	0.21	-
Dilesh Roadlines Pvt Ltd	831	0.01	831	0.01	-
Chandrakant Vallabhaji Gogri	302	0.00	302	0.00	-
Total	42,22,080	49.80	42,22,080	49.80	

Notes Forming Part of Consolidated Financial Statements

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

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

12 Other Equity

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
a. Retained Earnings		
As per last Balance Sheet	14,063.43	12,833.32
Profit for the year	2,132.70	1,270.45
Rights Issue Expenses	(13.10)	(39.47)
Stamp Duty Paid on New Equity Shares	(10.49)	(6.87)
Remeasurement of defined employee benefit plans (net of tax)	(11.37)	6.00
Closing Balance	16,161.17	14,063.43
b. Securities Premium on Rights Issue		
As per last Balance Sheet	1,945.19	-
Add: Securities Premium on Rights Issue*	2,917.78	1,945.19
Less: Calls Unpaid - Right Issue (Refer Note No 11.5)	-59.75	-
Closing Balance	4,803.22	1,945.19
Total	20,964.39	16,008.62

*The Rights Issue Committee of the Holding Company in its meeting held on 09th January, 2023 approved issuance of 8,92,291 nos. of fresh equity shares at rate of ₹ 555 per Equity Share (including premium of ₹ 545 per Equity Share) on Rights Basis in the ratio of 2:17. The Holding Company has completed allotment of shares on 15th February, 2024 (Except for 18,273 Shareholders who has not paid the final call of ₹ 333 per equity shares (including premium of ₹ 327 per equity share).

13 Non Current Financial Liabilities - Borrowings

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Secured - At Amortised Cost		
Term loans from Banks (Refer note 13.1.a)	5,138.03	7,750.70
Less: Current Maturity of Term Loan	-2,600.00	-2,584.53
Vehicle Loan from Bank (Refer note 13.1.a)	95.51	81.05
0% Non Convertible Redeemable Preference Shares of ₹ 10/- each (Refer note 13.1.b)	2,159.89	2,087.09
Total	4,793.43	7,334.31

13.1 a). 'Rupee term loan from Bank aggregating to ₹ 5,138.03 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 ₹ 95.51 lakhs are secured by way of hypothecation of respective vehicles.

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

(i) Rupee Term Loan Amounting ₹ 899.93 Lakhs (March 31, 2023: ₹ 1,512.60 Lakhs) is repayable in 6 quarterly instalments, the next instalment is due on 30th June, 2024.

Notes Forming Part of Consolidated Financial Statements

- (ii) Rupee Term Loan Amounting ₹ 2,095.24 Lakhs (March 31, 2023: ₹ 3,238.10 Lakhs) is repayable in 22 monthly instalments, the next instalment is due on 14th April, 2024.
- (iii) Rupee Term Loan Amounting ₹ 2,142.86 Lakhs (March 31, 2023: ₹ 3,000.00 Lakhs) is repayable in 30 monthly instalments, the next instalment is due on 17th April, 2024.
- (iv) Rupee Vehicle Loan Amounting ₹ 95.51 Lakhs (March 31, 2023: ₹81.05 Lakhs) is repayable in monthly instalments, the next instalment is due on 30 April, 2024.
- (v) Term loan from banks carry an average interest rate of 9.15% to 9.95% (March 31, 2023: 6.70% to 9.87%) and Vehicle loan from bank carry an average interest rate of 8.50% to 11.65% (March 31, 2023 : 7.25% to 11.40%)

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

- b). (i) Pursuant to the Scheme of Arrangement becoming effective and subsequent exercise of Option by Equity Shareholders of Demerged Entity Aarti Industries Limited, 10,82,387 Nos of 0% Convertible Redeemable Preference Shares of ₹ 10/- each issued to the shareholders of Demerged Entity Aarti Industries Limited who has opted for Redeemable Preference shares valued at fair value of ₹ 167.70 per share as per the Scheme.

- b). (ii) Terms of preference shares:

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

The Preference Shares are Redeemable at the option of The Holding Company such that shareholders will get 4% annualised return on fair value of ₹167.70 declared in the Scheme of Arrangement

13.2 Repayment Terms (Term Loan)

(₹ in Lakhs)

Repayment Tenor	Amount	
	As at 31 st March, 2024	As at 31 st March, 2023
1-2 Years	2,600.00	2,615.47
2-3 Years	2,109.46	2,600.00
3-4 Years	428.57	2,106.66
Beyond 4 Years	-	428.57

13.3 Repayment Terms (Vehicle Loan)

(₹ in Lakhs)

Repayment Tenor	Amount	
	As at 31 st March, 2024	As at 31 st March, 2023
1-2 Years	49.67	39.16
2-3 Years	24.74	18.42
3-5 Years	21.10	23.46

Notes Forming Part of Consolidated Financial Statements

14.1 Non Current Financial Liabilities – Lease Liabilities

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Lease Liability	166.09	-
Total	166.09	-

14.2 Current Liabilities – Lease Liabilities

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Lease Liability	32.21	-
Total	32.21	-

Footnotes:

(i) The Holding Company has lease contracts for its office premises and godowns with lease term between 1 year to 5 years. The Holding Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, The Holding Company is restricted from assigning and subleasing the leased assets. The Holding Company also has certain leases of office premises and godowns with lease terms of 12 months or less. The Holding Company applies the 'short-term lease' recognition exemptions for these leases.

(a) The movement in lease liabilities during the year ended 31 March, 2024 and 31 March, 2023 is as follows:

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Balance at the beginning	-	-
Additions	202.58	-
Accretion of interest	7.72	-
Payment of lease liabilities	12.00	-
Balance at the end	198.30	-
Non-current	166.09	-
Current	32.21	-

(b) The following are the amounts recognised in profit or loss:

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Depreciation on right-of-use assets (Refer note no. 29)	18.44	-
Interest expense on lease liabilities (Refer note no. 28)	7.72	-
Total amount recognised in statement of profit and loss	26.16	-

(c) Details of carrying amount of right-of-use assets and movement during the period is disclosed under Note 1.

(d) The effective interest rate for lease liabilities is 9.50%, with maturity between five years.

15 Deferred Tax Liability (Net)

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
At the start of the year	1,458.27	1,208.25
Charge/(credit) to the Statement of Profit and Loss	325.74	250.02
At the end of the year	1,784.01	1,458.27

Notes Forming Part of Consolidated Financial Statements

15.1 Major components of deferred tax liabilities/(assets) arising on account of timing difference:

As at 31st March, 2024

(₹ in Lakhs)

	As on April 01, 2023	Charge / (Credit) to Statement of Profit and Loss	Charge / (Credit) to Other Comprehensive Income	As at March 31, 2024
(a) Deferred tax liabilities, on account of:				
Difference between WDV of depreciable fixed assets as per the books of accounts and Income Tax Act, 1961	1,487.51	338.54	-	1,826.05
(b) Deferred tax assets, on account of:				
Provision for expense allowed for tax purpose on payment basis (Net)	-29.24	-12.80	-	-42.04
Deferred tax expense/(benefit) for the year		325.74	-	
(c) Net Deferred tax liabilities	1,458.27			1,784.01

As at 31st March, 2023

(₹ in Lakhs)

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

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

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
(i) Income tax recognised in the Statement of Profit and Loss		
Current tax:		
For current year	746.00	270.25
In respect of short tax provision for earlier years	14.45	-10.66
Deferred tax:		
For current year	325.74	250.02
Income tax expense recognised in the Statement of Profit and Loss	1,086.19	509.61
(ii) Income tax expense recognised in Other Comprehensive Income	-	-

Notes Forming Part of Consolidated Financial Statements

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

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Profit before tax	3,218.89	1,780.06
Income tax expense calculated at 25.168% (21-22: 25.168%)	810.13	448.00
Effect of adjustments to reconcile the expected tax expense to reported income tax expense:		
Tax effect on non-deductible expenses	493.61	446.27
Effect of concessions (depreciation and other allowances under income tax act)	-557.71	-624.15
Others	-0.03	0.12
Total	746.00	270.25
Adjustment of tax relating to earlier periods	14.45	-10.66
Tax expense as per Statement of Profit and Loss	760.45	259.59

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 Other Non-Current Liabilities

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Deferred Incentive Income	755.09	564.53
Total	755.09	564.53

17 Current Financial Liabilities - Borrowings

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
At Amortised Cost		
Secured - Working capital Loan From Banks	2,329.12	4,994.41
Current Maturity of Long Term Debt	2,600.00	2,584.53
Total	4,929.12	7,578.94

- 17.1 Working capital Loan from banks as at March 31, 2024 amounting to ₹2,329.12 were secured by first charge on all movable and immovable assets of the Holding Company, including current assets. These credit facilities carry average interest rates in the range of 8.84% to 9.95% (March 31, 2023: 8.00% to 9.70%)
- 17.2 There are no material differences between the quarterly statements of stock filed by the Holding Company with banks and the books of accounts.
- 17.3 The Holding Company has not been declared as a wilful defaulter by any bank or financial institution or other lender in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

Notes Forming Part of Consolidated Financial Statements

18 Current Liabilities - Trade Payables

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Due to		
- Micro and Small Enterprises	73.22	52.53
- Other Than Micro and Small Enterprises	6,656.89	5,648.47
Total	6,730.11	5,701.00

Ageing for Trade Payables Outstanding as on 31st March 2024 is as follows:

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME*	15.27	57.96	-	-	-	73.22
(ii) Others	2,310.95	4,208.13	134.10	-	3.72	6,656.89
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
Total	2,326.21	4,266.08	134.10	-	3.72	6,730.11

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

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

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME*	50.96	1.57	-	-	-	52.53
(ii) Others	2,826.40	2,784.30	12.85	18.00	6.92	5,648.47
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
Total	2,877.36	2,785.87	12.85	18.00	6.92	5,701.00

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

There are no Micro and Small Enterprise to whom the Holding Company and its Subsidiary owe dues which are outstanding for more than 45 days as at 31st March, 2024. This information is required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the bases of information available with the Group.

19 Other Current Financial Liabilities

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
At Amortised Cost		
Creditors for Capital Goods	78.19	140.53
Unclaimed Dividends	1.58	1.62
Outstanding Expenses	225.13	143.03
Total	304.90	285.18

Notes Forming Part of Consolidated Financial Statements

20 Other Current Liabilities

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Other Payables (Statutory Dues)	39.82	46.41
Revenue Received in Advance	200.54	249.78
Deferred Incentive Income	111.16	111.16
Total	351.52	407.35

21 Current Provisions

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Provision for Employee Benefits	154.97	147.81
Other Provisions	342.95	59.38
Total	497.92	207.19

22 Current Tax Liabilities (Net)

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Current Tax Liabilities (Net)	75.56	25.38
Total	75.56	25.38

23 Revenue from Operations

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Local Sales	43,240.18	42,061.85
Export Sales	14,476.44	16,319.54
Deemed Export Sales	844.92	1,343.37
Sales of Products (Net of GST)	58,561.54	59,724.76
Other Operating Revenues (Refer Note No. 23.1)	424.20	404.56
Total	58,985.74	60,129.32

23.1 Other Operating Revenues

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Export Benefits/Incentives Received	243.62	192.90
Scrap Sales	69.43	100.50
State Government Grant - Industry Promotion Incentive	111.16	111.16
Total	424.21	404.56

Notes Forming Part of Consolidated Financial Statements

24 Other Income

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Interest Income	13.31	26.49
Other Non-Operating Income		
Insurance Claim	-	3.31
Profit on Sale of Assets/Investment	-	0.42
Other Income/(Loss)	-	3.19
Total	13.31	33.41

25 Cost of Material Consumed

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Opening Stock of Raw Material and Other Consumables (including Packing Material)	3,960.01	3,085.96
Add: Purchases during the year	46,843.36	47,684.46
Less: Closing Stock at the year end	-6,220.18	-3,960.01
Cost of Material Consumed	44,583.19	46,810.41

26 Change in Inventory

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Inventories (at commencement)		
Finished Goods	3,680.61	4,265.37
Work-in-Progress	92.01	131.11
	3,772.62	4,396.48
Inventories (at Close)		
Finished Goods	3,580.78	3,680.61
Work-in-Progress	119.81	92.01
	3,700.59	3,772.62
Increase in Inventory	72.03	623.86

27 Employee Benefits

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Salaries and Wages	1,606.62	1,491.65
Contribution to Provident and other Funds	119.02	123.25
Staff Welfare Expenses	63.84	69.20
Total	1,789.48	1,684.10

Notes Forming Part of Consolidated Financial Statements

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

Particulars	(₹ in Lakhs)	
	Gratuity (funded) 2023-24	Gratuity (funded) 2022-23
a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation		
Defined Benefit Obligation at beginning of the Year	147.54	133.39
Current Service Cost	21.75	23.50
Interest Cost	11.10	9.64
(Benefit Paid From the Fund)	-17.08	-10.87
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	4.47	-4.02
Actuarial (Gains)/Losses on Obligations - Due to Experience	6.05	-4.09
Defined Benefit Obligation at year end	173.82	147.54
b. Reconciliation of opening and closing balances fair value of plan assets		
Fair value of plan assets at beginning of the year	107.27	103.29
Interest Income	8.07	7.47
Contributions by the Employer	10.00	9.50
(Benefit Paid from the Fund)	-17.08	-10.87
Return on Plan Assets, Excluding Interest Income	-0.85	-2.12
Fair Value of Plan Assets at the End of the Period	107.41	107.27
c. Reconciliation of fair value of assets and obligations		
Fair value of plan assets	107.41	107.27
Present value of obligation	-173.82	-147.54
Amount Recognized in Balance Sheet	-66.41	-40.27
d. Expenses recognized in the statement of Profit or Loss for Current Period		
Current Service Cost	21.75	23.50
Interest Cost	11.10	9.64
Interest Income	-8.07	-7.47
Net Cost	24.78	25.67
e. Expenses recognized in Other Comprehensive Income for Current Period		
Actuarial(gain)/ loss	10.51	-8.12
Expected return on plan assets	0.85	2.12
Net Cost	11.37	-6.00
f. Expenses recognized in the statement of Profit or Loss for Next Year		
Current Service Cost	21.75	21.75
Net Interest Cost	3.03	3.03
Net Cost	24.78	24.78
g. Maturity Analysis of Benefit Payments		
Project Benefits Payable in Future Years from the date of Reporting		
1 st Following Year	12.60	12.15
2 nd Following Year	11.71	8.92
3 rd Following Year	10.90	9.50
4 th Following Year	12.25	12.16
5 th Following Year	11.73	10.75
Sum of Years 6 to 10	75.15	57.57

Notes Forming Part of Consolidated Financial Statements

Particulars	(₹ in Lakhs)	
	Gratuity (funded) 2023-24	Gratuity (funded) 2022-23
Sum of Years II and above	251.69	250.51
h. Sensitivity Analysis		
Project Benefits Obligation on current assumptions	173.82	147.54
Delta effect of +1% Change in Rate of Discounting	-14.16	-12.55
Delta effect of -1% Change in Rate of Discounting	16.44	14.70
Delta effect of +1% Change in Rate of Salary Increase	15.58	14.11
Delta effect of -1% Change in Rate of Discounting	-13.83	-12.36
Delta effect of +1% Change in Rate of Employee Turnover	2.87	3.08
Delta effect of -1% Change in Rate of Employee Turnover	-3.28	-3.57

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.

Particulars	100% Invested	
	with L.I.C.	with L.I.C.
i. Investment Details		
L.I.C Group Gratuity (Cash Accumulation) Policy	2012-14	2012-14
j. Actuarial assumptions		
Mortality Table (L.I.C.)	(Urban)	(Urban)
Discount rate (per annum)	7.22%	7.23%
Expected rate of return on plan assets (per annum)	7.22%	7.23%
Rate of escalation in Salary (per annum)	5.00%	5.00%
Rate of employee turnover	5.00%	5.00%

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

Leave Encashment liability amounting to ₹ 51.81 lakhs (Previous Year - ₹ 70.05 lakhs) has been provided in the Books of Accounts.

28 Finance Cost

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Interest	1,396.57	1,466.05
Other Borrowing Costs	6.79	12.57
Sub Total	1,403.36	1,478.62

29 Depreciation and Amortisation Expenses

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Depreciation of Property, Plant and Equipment (Refer Note No.1)	1616.11	1511.32
Amortisation of Intangible Assets (Refer Note No.1)	9.34	37.37
Depreciation on ROU Assets (Refer Note No.1)	18.44	0.00
Total Depreciation and Amortisation Expenses	1643.89	1548.69

Notes Forming Part of Consolidated Financial Statements

30 Other Expenses

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Manufacturing Expenses		
Freight, Cartage & Transport	875.10	728.95
Power and Fuel	1,522.40	1,451.16
Water Charges	74.71	73.22
Processing Charges	-	5.90
Labour/Helper Charges, Security Services	532.34	440.60
Effluent Treatment Cost	40.17	57.94
Repairs & Maintenance	433.01	350.29
Insurance Charges	271.08	256.46
Factory Administrative Expenses	164.12	206.80
Other Manufacturing Expenses	89.15	79.70
Sub-Total (A)	4,002.08	3,651.02
Office Administrative Expenses		
Rent, Rates and Taxes	14.12	15.56
Travelling and Conveyance	133.99	77.83
Auditor's Remuneration	8.24	7.37
Legal & Professional Charges	110.78	92.05
Postage, Telegraph & Telephone	1.71	8.10
Printing & Stationery Expenses	3.15	2.15
ROC & Other Filing Fees	0.82	0.28
Directors Sitting Fees	2.32	2.14
Provision for Expected Credit Loss	58.42	-
Project related expenses written off in Subsidiary*	87.69	-
Other Administrative Expenses	75.65	63.55
Sub-Total (B)	496.89	269.02
Selling and Distribution Expenses		
Advertisement & Sales Promotion	16.86	35.48
Export Freight Expenses, Outward Freights	1,755.94	2,243.52
Sample Testing & Analysis Charges	13.87	15.88
Other Selling Expenses	8.53	0.10
Sub-Total (C)	1,795.20	2,294.98
Non-Operating Expenses		
CSR Expenses	34.09	21.83
Donations	0.09	0.14
Sub-Total (D)	34.18	21.97
Total (A+B+C+D)	6,328.35	6,236.99

*Expenses have been capitalized to date, as the company was established for the purpose of initiating a project and potentially accessing concessional tax benefits. However, due to unforeseen external factors and the imminent expiration of concessional tax benefits under the Income Tax Act after March 2024, management is actively reassessing project strategies in light of current conditions for establishing the project at the designated location. Meanwhile, the management is contemplating writing off previously capitalized expenses, given the absence of a defined project strategy amidst the current circumstances.

31 Earning Per Share (EPS)

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Face Value Per Equity Share (in ₹)	10.00	10.00
Basic Earnings Per Share (in ₹)	26.63	16.64
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in Lakhs)	2,132.70	1,270.45

Notes Forming Part of Consolidated Financial Statements

(₹ in Lakhs)

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (₹ in Lakhs)	80.07	76.36
Diluted Earnings Per Share (in ₹)	25.16	16.47
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in Lakhs)	2,132.70	1,271.05
Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (₹ in Lakhs)	84.77	77.14
Reconciliation of weighted average number of equity shares outstanding		
Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (₹ in Lakhs)	80.07	76.36
Add: Unpaid Amount (₹ 6 per share) of Rights Issue of 18273 shares, w.e.f 09.02.2023	4.69	0.78
Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (₹ in Lakhs)	84.77	77.14

31.1 The Rights Issue Committee of the Holding Company in its meeting held on 09th January, 2023 approved issuance of 8,92,291 nos. of fresh equity shares at rate of ₹ 555 per Equity Share (including premium of ₹ 545 per Equity Share) on Rights Basis in the ratio of 2:17. The Holding Company has completed allotment of shares on 15th February, 2024 (Except for 18273 Shareholders who has not paid the final call of ₹ 333 per equity shares including premium of ₹ 327 per equity share) and this has been considered appropriately for calculation of Weighted Average numbers of Equity Shares for Basic and Diluted EPS for quarter and year ended 31st March, 2024 and 31st March, 2023.

32 Payment to Auditors

(₹ in Lakhs)

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
a. Statutory Audit Fees	7.65	6.75
b. Certification Fees*	0.33	1.45
c. Reimbursement of Expenses	0.26	0.42
Total	8.24	8.62

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

33 Contingent Liabilities and Commitments

(₹ in Lakhs)

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
(a) Contingent Liabilities		
Claims against the Company not acknowledged as debts comprise of claims disputed by the Company relating to issues of applicability, classification, deductibility, etc. (Refer Note below)		
Claim against the company not acknowledged as debt - Unpaid		
(i) Sales Tax	127.33	123.31
(ii) Extry Tax related matters	38.26	38.26
(iii) Customs Duty	670.86	670.86
Sub-Total (i)	836.45	832.43

Notes Forming Part of Consolidated Financial Statements

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Claim against the company not acknowledged as debt - paid		
(i) Extry Tax related matters	55.02	54.57
(ii) Customs Duty	225.32	225.32
(iii) Stamp Duty	147.24	147.24
Sub-Total (ii)	427.58	427.13
Sub-Total A (i+ii)	1,264.03	1,259.56
(b) Commitments		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	150.35	50.02
Sub-Total (B)	150.35	50.02
Total (A+B)	1,414.38	1,309.58

Note:

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

34 Corporate Social Responsibility

Corporate Social Responsibility expenditure

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
(a) Gross amount required to be spent by the Company during the year	33.37	21.80
(b) Amount approved by the Board to be spent during the year		
Construction / acquisition of any asset		
On purposes other than above	33.37	23.00
Total	33.37	23.00
(c) Amount spent during the year		
Construction / acquisition of any asset		
On purposes other than above	34.09	21.83
Total	34.09	21.83
(d) Details of ongoing project and other than ongoing project		
(i) In case of Section 135(6) (ongoing project)		
Opening Balance - With Company	-	-
- In Separate CSR Unspent A/c	-	-
Amount required to be spent during the year	-	-
Amount spent during the year - From Company's bank A/c	-	-
- From Separate CSR Unspent A/c	-	-
Closing Balance - With Company	-	-
- In Separate CSR Unspent A/c	-	-
(ii) In case of Section 135(5) (other than ongoing project)		
Opening Balance	0.03	1.69
Amount deposited in Specified Fund of Sch. VII within 6 months	-	-
Amount required to be spent during the year	33.37	21.80
Amount spent during the year	34.09	21.83
Closing balance (Excess spent)	0.75	0.03

Notes Forming Part of Consolidated Financial Statements

(₹ in Lakhs)

Particulars	As at	
	31 st March, 2024	31 st March, 2023
(e) Details related to spent / unspent obligations :		
(i) Animal Welfare	2.00	-
(ii) Others (Healthcare & Education Facilities)	32.09	21.83
(iii) Unspent amount in relation to:		
- Ongoing projects	-	-
- Other than ongoing projects	-	-
Total	34.09	21.83

Nature of CSR activities undertaken by the Company

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

- (i) Animal Welfare - Towards rescue, treatment and rehabilitation of distressed wildlife.
- (ii) Healthcare & Education Facilities - Distribution of medical equipments, Distribution of Benches, Chairs & Computers at Schools, Constuction of Healthcare facilities for special needs and autism individuals.

35 Segment Information

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

Revenue from Type of Products and Services

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

Secondary Segment Information

(₹ in Lakhs)

Particulars	FY 2023-24	
	FY 2023-24	FY 2022-23
Segment Revenue - External Turnover		
Local Sales	43,240.18	42,061.85
Export Sales	14,476.44	16,319.54
Deemed Export Sales	844.92	1,343.37
Total	58,561.54	59,724.76
Non-Current Assets*		
Within India	21,991.11	21,906.80
Outside India	-	-
Total	21,991.11	21,906.80

* 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. The Holding Company's total Sales Revenue of ₹ 58,561.54 Lakhs (P.Y. ₹ 59,724.76 Lakhs) include sales of ₹ 37,493.61 Lakhs (P.Y. ₹ 31,549.45 Lakhs) to two large customers with whom the Holding Company is having long standing Relationship.

Notes Forming Part of Consolidated Financial Statements

36 Related Party Disclosures

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

36.1 Subsidiary company

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

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

Sr. No.	Name of the Related Party	Relationship
1	Mr. Chandrakant Vallabhaji Gogri	Non-Executive Director
2	Mr. Nikhil Parimal Desai	Managing Director
3	Mr. Dattatray Sidram Galpalli	Non-Executive Director
4	Mr. Santosh Madhaorao Kakade	Executive Director
5	Mr. Mulesh Manilal Savla	Independent Director
6	Mrs. Misha Bharat Gala	Independent Director
7	Mr. Rashesh Gogri	Promoter Group
8	Mr. Prashant Gaikwad	Company Secretary (Resigned w.e.f April 14, 2022)
9	Mrs. Priyanka Chaurasia	Company Secretary (Appointed w.e.f July 25, 2022)
10	Mr. Nitesh Medh	Chief Financial Officer
11	Aarti Surfactants Limited Employees Group Gratuity Scheme	Post Employment Benefit Trust

36.3 Transactions during the year with Related Parties

Sr. No.	Name of the Related Party	FY 2023-24	FY 2022-23
(₹ in Lakhs)			
Key Management personnel and their relatives			
1	Remuneration*	272.05	150.82
2	Sitting Fees	2.32	2.14
Wholly Owned Subsidiary			
3	Investment in Aarti HPC Limited	50.00	475.00
4	Loan to Aarti HPC Limited	-	1.89
5	Interest Received from Aarti HPC Ltd on Loan	0.18	16.84
Post Employment Benefit Trust			
6	Contribution during the year	10.00	9.50
Promoter Group			
7	Rent Paid to Rashesh Gogri	11.37	10.80

* Provision towards gratuity and leave encashment expenses are determined actuarially for the Company as a whole on an annual basis and accordingly have not been considered in the above information.

**The Holding Company had given unsecured loan to its wholly owned subsidiary Aarti HPC Limited. The loan carried an interest rate of 8.5%p.a. and was repayable on demand, Maximum amount outstanding during the year was ₹ 5.12 Lakhs (PY ₹ 471.62 Lakhs)

36.4 Balances during the year with Related Parties

Sr. No.	Name of the Related Party	FY 2023-24	FY 2022-23
(₹ in Lakhs)			
1	Aarti HPC Ltd	-	3.06
2	Aarti Surfactants Limited Employees Group Gratuity Scheme	107.41	107.27

Notes Forming Part of Consolidated Financial Statements

37 Capital Management

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

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

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

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

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

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2024	As at 31 st March, 2023
Gross Debt	9,722.55	14,913.25
Less: Cash and Cash Equivalent	624.90	762.25
Net Debt (A)	9,097.65	14,151.00
Total Equity (As per Balance Sheet) (B)	21,810.97	16,802.76
Net Gearing Ratio (A/B)	0.42	0.84

38 Financial Instruments

A. Fair Value Measurement Hierarchy

Particulars	(₹ in Lakhs)			
	Carrying Amount	As at 31 st March, 2024		
		Level 1	Level 2	Level 3
Financial Assets				
At Amortised Cost				
Trade Receivables	7,010.72	-	-	-
Cash and Cash Equivalents	624.90	-	-	-
Bank balances other than cash & cash equivalents	6.55			
Loans	12.14	-	-	-
Others	426.25	-	-	-
At Cost				
Investments	0.03	-	-	-
Financial Liabilities				
At Amortised Cost				
Borrowings - Non Current	4,793.43	-	-	-
Borrowings - Current	4,929.12	-	-	-
Trade Payables	6,730.11	-	-	-
Others	304.90	-	-	-

Notes Forming Part of Consolidated Financial Statements

(₹ in Lakhs)

Particulars	As at 31 st March, 2023			
	Carrying Amount	Level of Input Used		
		Level 1	Level 2	Level 3
Financial Assets				
At Amortised Cost				
Trade Receivables	6,536.24	-	-	-
Cash and Cash Equivalents	762.25	-	-	-
Bank balances other than cash & cash equivalents	6.60			
Loans	11.77	-	-	-
Others	2,185.27			
At Cost				
Investments	0.03	-	-	-
Financial Liabilities				
At Amortised Cost				
Borrowings - Non Current	7,334.31	-	-	-
Borrowings - Current	7,578.94	-	-	-
Trade Payables	5,701.00	-	-	-
Others	285.18	-	-	-

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

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

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

Level 3: Inputs based on unobservable market data.

B. Financial Risk Management

The Group's principal financial liabilities comprise borrowings, trade payables and other unsecured Lendings. The main purpose of these financial liabilities is to finance the 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 operating activities in exports and imports which is majorly in US dollars.

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

Notes Forming Part of Consolidated Financial Statements

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

	As at 31 st March 2024		As at 31 st March 2023	
	Amount in foreign currency - USD in Lakhs	Amount in Rupees- in Lakhs	Amount in foreign currency - USD in Lakhs	Amount in Rupees- in Lakhs
Liabilities				
United States Dollar (\$)	49.47	4,126.34	37.57	3,087.52
	49.47	4,126.34	37.57	3,087.52
Assets				
United States Dollar (\$)	38.36	3,199.51	29.08	2,389.29
	38.36	3,199.51	29.08	2,389.29
Net foreign currency denominated monetary liability/(asset) (total)				
United States Dollar (\$)	11.11	926.83	8.50	698.24
Foreign exchange derivatives				
USD (Hedged)	-	-	-	-
Net foreign currency denominated monetary liability/(asset) (unhedged)				
United States Dollar (\$)	11.11	926.83	8.50	698.24

Foreign Currency Risk Sensitivity

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

	FY 2023-24		FY 2022-23	
	+ 100 BPS	- 100 BPS	+ 100 BPS	- 100 BPS
United States Dollar (\$)	-9.27	9.27	-6.98	6.98

(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):

(₹ in Lakhs)

	As at 31 st March 2024			As at 31 st March 2023		
	Fixed Rate	Floating Rate*	Total	Fixed Rate	Floating Rate*	Total
Indian National Rupee (INR) - Total	2,159.89	7,562.66	9,722.55	2,087.09	12,826.16	14,913.25
Indian National Rupee (INR) - Hedged (interest rate swaps)	-	-	-	-	-	-
Indian National Rupee (INR) - Unhedged	2,159.89	7,562.66	9,722.55	2,087.09	12,826.16	14,913.25
% of Total Borrowings	22.22%	77.78%	100.00%	13.99%	86.01%	100.00%

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

Notes Forming Part of Consolidated Financial Statements

Interest Rate Sensitivity

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

	(₹ in Lakhs)	
	FY 2023-24	FY 2022-23
50 BPS increase would (decrease) the Profit before Tax by	-37.81	-64.13
50 BPS decrease would increase the Profit before Tax by	37.81	64.13

b. Credit Risk

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

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

c. Liquidity Risk

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

The 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, 2024

	(₹ in Lakhs)			
Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Borrowings - Non Current	-	4,793.43	-	4,793.43
Borrowings - Current	4,929.12	-	-	4,929.12
Others Financial Liabilities - Current	304.90	-	-	304.90
Trade Payables	6,730.11	-	-	6,730.11
Total	11,964.13	4,793.43	-	16,757.56

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

	(₹ in Lakhs)			
Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Borrowings - Non Current	-	7,334.31	-	7,334.31
Borrowings - Current	7,578.94	-	-	7,578.94
Others Financial Liabilities - Current	285.18	-	-	285.18
Trade Payables	5,701.00	-	-	5,701.00
Total	13,565.12	7,334.31	-	20,899.43

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

- The Holding Company and its Subsidiary does not have any benami property held in its name. No proceedings have been initiated on or are pending against the Holding Company and its Subsidiary for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- The Holding Company and its Subsidiary has complied with the requirement with respect to number of layers as prescribed under section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.

Notes Forming Part of Consolidated Financial Statements

(c) Utilisation of borrowed funds and share premium:

(i) The Holding Company and its Subsidiary has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company/and its subsidiary (Ultimate Beneficiaries) or
- Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

(ii) The Holding Company and its Subsidiary has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Holding Company/and its subsidiary 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 of the Holding Company/and its subsidiary.

(e) The Holding Company/and its subsidiary has not traded or invested in crypto currency or virtual currency during the year.

40 Disclosure for Struck off companies

The Holding Company/and its subsidiary does not have any transactions with companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.

41 Ratio Analysis

Sr. No.	Ratio	Numerator	Denominator	As at 31 st March 2024	As at 31 st March 2023	% Change
1	Current ratio	Current Assets	Current Liabilities = Total current liabilities	1.54	1.28	20.27%
2	Net Debt-Equity ratio	Net debt = Non-current borrowings + Current borrowings - Cash and cash equivalents	Average Equity [Equity = Equity share capital + Other equity]	0.47	0.93	-49.39%
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)	1.55	1.72	-9.85%

Notes Forming Part of Consolidated Financial Statements

Sr. No.	Ratio	Numerator	Denominator	As at 31 st March 2024	As at 31 st March 2023	% Change
4	Return on Equity ratio	Profit after tax	Average total equity [Equity = Equity share capital + Other equity]	11.05%	8.36%	32.14%
5	Inventory Turnover ratio	Cost of goods sold	Average Inventory	5.06	6.24	-18.86%
6	Trade Receivable Turnover ratio	Revenue from Sale of Products and Services	Average Trade Receivable	8.65	9.97	-13.27%
7	Trade Payable Turnover ratio	Cost of goods sold and Other Expenses	Average Trade Payables	8.20	8.45	-2.87%
8	Net Capital Turnover ratio	Revenue from Operations	Working capital = Current assets – Current liabilities	8.39	14.92	-43.75%
9	Net Profit ratio	Profit after tax	Revenue from operations	3.62%	2.11%	71.12%
10	Return on Capital Employed	Earnings before interest and tax	Average Capital Employed [Capital Employed = Total Equity + Total non-current liabilities]	17.12%	12.80%	33.83%
11	Return on Investment	Income generated from Investments	Average Investments	NIL	NIL	-

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

- Improvement in Return on Equity, Net Profit and Return on Capital Employed ratio largely on account with the improved profitability.
- Improvement in Net Debt-Equity is on account of term loan repayment during the year.
- Decrease in Net capital turnover is on account of increase in current assets during the year.

42 Disclosure if additional information pertaining to the parent, subsidiary and joint venture companies as per schedule III of the Companies Act, 2013

Name of Entities	Net Assets		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated net assets	Amount (₹ in Lakhs)	As % of consolidated profit or loss	Amount (₹ in Lakhs)	As % of consolidated other comprehensive income	Amount (₹ in Lakhs)	As % of consolidated total comprehensive income	Amount (₹ in Lakhs)
Holding Company								
Aarti Surfactants Limited		21,924.68		2226.70		-11.37		2215.33
Indian Subsidiaries								
I. Aarti HPC Limited		411.28		-94.00		-		-94.00
Total [A]		22,335.97		2,132.70		-11.37		2,121.33

Notes Forming Part of Consolidated Financial Statements

Name of Entities	Net Assets		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated net assets	Amount (₹ in Lakhs)	As % of consolidated profit or loss	Amount (₹ in Lakhs)	As % of consolidated other comprehensive income	Amount (₹ in Lakhs)	As % of consolidated total comprehensive income	Amount (₹ in Lakhs)
(a) Adjustments arising out of consolidation		-525.00		-		-		-
(a) Non-controlling Interest		-		-		-		-
Total [B]		-525.00		-		-		-
Consolidation [A+B]		21,810.97		2,132.70		-11.37		2,121.33

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

For and on behalf of the Board

Partner

Uday Girjapure
M.No. 161776

Chandrakant Gogri
Director

DIN : 0005048

Nikhil Desai
CEO & Managing
Director

DIN : 01660649

Priyanka Chaurasia
Company Secretary

ICSI M.No.A44258

Nitesh Medh
Chief Financial Officer

ICAI M.No : 155868

Place: Mumbai
Date: 22nd April, 2024



Aarti Surfactants Limited

CIN: L24100MP2018PLC067037

Registered Office: Plot no 57, 58, 60 to 64, 62A, S-3/1, Sector-3, Sagore Village,
Pithampur Industrial Area, Dhar, Madhya Pradesh – 454775

Tel.: (+91-22) 6781 6435, **Email:** investors@aarti-surfactants.com,

Website: www.aarti-surfactants.com

Notice of 6th Annual General Meeting

Notice is hereby given that the Sixth Annual General Meeting of the Members of **AARTI SURFACTANTS LIMITED** will be held on **Wednesday, August 14, 2024** at 11:00 a.m. (IST) through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) facility to transact the following Business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2024 together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a director in place of Mr. Chandrakant V. Gogri (DIN: 00005048), who retires by rotation and being eligible, offers himself for re-appointment.
3. To approve the re-appointment of Gokhale & Sathe, Chartered Accountants, Statutory Auditors of the Company for a second term of five consecutive years.

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’) and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Gokhale & Sathe, Chartered Accountants (Firm Registration no. 103264W) be and are hereby re-appointed as Statutory Auditors of the Company for a second term of 5 (five) consecutive years to hold office from the conclusion of the 6th Annual General Meeting till the conclusion of the 11th Annual General Meeting of the Company to be held in the year 2029, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors from time to time.

RESOLVED FURTHER THAT the Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

SPECIAL BUSINESS:

4. To approve ‘Aarti Surfactants Limited Employee Stock Option Plan 2024’ (‘ESOP 2024’ / ‘Plan’).

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 62(1)(b) of the Companies Act, 2013 (hereinafter referred to as “the Act”) read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 and all other applicable provisions, if any, of the Act and the Rules thereunder, applicable regulations of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 including any statutory modification(s) or re-enactment thereof (hereinafter referred to as “SBEB Regulations”), the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “SEBI Listing Regulations”), including any statutory modification(s) or re-enactment(s) of the Act, for the time being in force, the applicable provisions of the Foreign Exchange Management Act, 1999, any rules, guidelines and regulations issued by the Reserve Bank of India, including any amendments(s), statutory modifications(s) or re-enactment thereof (FEMA), the Memorandum and Articles of Association of the Company and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, consent of the members of the Company

be and is hereby granted to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee, including the Nomination and Remuneration Committee which the Board has duly constituted to exercise its powers, including the powers, conferred by this resolution) for adoption of **"Aarti Surfactants Limited Employee Stock Option Plan 2024"** ('ESOP 2024'/ 'Plan'), the salient features of which are furnished in the explanatory statement to the Notice.

RESOLVED FURTHER THAT consent of the Company be and is hereby granted to the Board to create, offer, grant and issue from time to time, in one or more tranches under ESOP 2024, upto 1,00,000 (One Lakh Only) stock options to or for the benefit of the employees whether working in India or outside India, who are in the employment of the Company including any Director, whether executive or otherwise (other than the employee who is Promoter or person belong to the Promoter Group, Independent Directors of the Company and Directors holding directly or indirectly more than 10% of the outstanding equity shares of the Company), exercisable into equity shares of the Company in the ratio of 1 (one) equity share of the face value of ₹10/- (Rupees Ten Only) each fully paid-up for every 1(one) stock option, on such terms and conditions as the Board may decide under the Plan in accordance with the SEBI Regulations and other applicable laws as may be prevailing at that time.

RESOLVED FURTHER THAT the equity shares so issued and allotted as mentioned hereinbefore shall rank pari passu with the existing equity shares of the Company.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issue, bonus issue, merger and sale of division, split, change in capital structure of the Company, as applicable from time to time, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and as permitted under law, so as to ensure fair and reasonable adjustment to the Stock Options granted earlier. Further, if any additional stock options of the Company are to be issued to the Employees for the purpose of making a fair and reasonable adjustment to the stock options issued to them, the above ceiling in terms of number of equity shares shall be deemed to be increased in proportion to the additional equity shares issued in the aforesaid corporate action(s).

RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, then the number of equity shares to be issued by the Company and the price of acquisition payable by the option grantees under the Plan shall automatically stand reduced or augmented, as the case may be, in the same proportion as the present face value of ₹10/- (Rupees Ten Only) per equity share shall bear to the revised face value of the equity shares of the Company after such subdivision or consolidation, without affecting any other rights or obligations of the employees who have been granted Stock Options under the ESOP 2024 and the ceiling in terms of number of shares specified above shall be deemed to be adjusted accordingly.

RESOLVED FURTHER THAT the Key Managerial Personnel of the Company be and are hereby severally authorised to take requisite steps for listing of the equity shares allotted under ESOP 2024 on the Stock Exchanges where the equity shares of the Company are listed in due compliance with SEBI Regulations and other applicable laws, if any.

RESOLVED FURTHER THAT the Company shall conform to the accounting policies prescribed from time to time under the SEBI Regulations and any other applicable laws and regulations to the extent relevant and applicable to the ESOP 2024.

RESOLVED FURTHER THAT subject to the extent allowed under the applicable laws, the Board be and is hereby authorized to delegate such powers to the Nomination and Remuneration Committee of the Board to formulate, vary, modify, alter, revise or amend the necessary terms and conditions of the ESOP 2024 and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient and proper to administer, implement and superintend the ESOP 2024, to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company, with a power to further delegate to any executives / officers of the Company, to do required acts, deeds, matters and things as may be deemed necessary or expedient in the regard."

5. To approve "Aarti Surfactants Limited Employee Stock Option Plan 2024" ('ESOP 2024'/ 'Plan') to the Employees of the Subsidiary Companies (Present or Future).

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 62(1)(b) of the Companies Act, 2013 (hereinafter referred to as “the Act”) read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 and all other applicable provisions, if any, of the Act and the Rules made thereunder, applicable regulations of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 including any statutory modification(s) or re-enactment thereof) (hereinafter referred to as “SBEB Regulations”), the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “SEBI Listing Regulations”), including any statutory modification(s) or re-enactment(s) of the Act, for the time being in force, the applicable provisions of the Foreign Exchange Management Act, 1999, any rules, guidelines and regulations issued by the Reserve Bank of India, including any amendments(s), statutory modifications(s) or re-enactment thereof (FEMA), the Memorandum and Articles of Association of the Company and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, consent of the members of the Company be and is hereby granted to extend the benefits of ‘Aarti Surfactants Limited Employee Stock Option Plan 2024’ (‘ESOP 2024’/ ‘Plan’) referred to in resolution no. 4 of this Notice and to create, offer, grant and issue, in one or more tranches, stock options to or for the benefit of the employees whether working in India or outside India, who are in the employment of any present and future Subsidiary Company(ies) including any director, whether executive or otherwise (other than the employee who is promoter or person belong to the promoter group, independent directors of the Company and directors holding directly or indirectly more than 10% of the outstanding equity shares of the Company), exercisable into equity shares of the Company in the ratio of 1(One) equity share of the face value of ₹ 10/- (Rupees Ten only) each fully paid-up for every 1(One) stock option, on such terms and conditions as the Board may decide under the Plan in accordance with the SEBI Regulations and other applicable laws.

RESOLVED FURTHER THAT subject to the extent allowed under the applicable laws, the Board be

and is hereby authorized to delegate such powers to the Nomination and Remuneration Committee of the Board to formulate, vary, modify, alter, revise or amend the necessary terms and conditions of the ESOP 2024 or to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient and proper to administer, implement and superintend the ESOP 2024, to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company, with a power to further delegate to any executives / officers of the Company, to do required acts, deeds, matters and things as may be deemed necessary or expedient in the regard.”

6. To approve the re-appointment of Mrs. Misha B. Gala (DIN: 08523865), as an Independent Director for a second term of five consecutive years.

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, read along with Schedule IV to the Companies Act, 2013 (‘the Act’) [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 17 and any other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI Listing Regulations’), as amended from time to time, Mrs. Misha B. Gala (DIN: 08523865), who is appointed as an Independent Director of the Company for a term of 5 (five) consecutive years commencing from August 20, 2019 upto August 19, 2024 (both days inclusive) and, who being eligible for re-appointment as an Independent Director, has given her consent along with a declaration that she meets the criteria for independence under Section 149(6) of the Act and the rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations and based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years on the Board of the Company commencing from August 20, 2024 upto August 19, 2029 (both days inclusive).

RESOLVED FURTHER THAT the Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

7. To approve revision in terms & conditions of appointment of Mr. Nikhil P. Desai (DIN: 01660649) as CEO & Managing Director of the Company.

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to provisions of sections 197, 198 and all other applicable provisions, if any, read with Schedule V of the Companies Act, 2013 (“the Act”), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and in accordance with the recommendation of Nomination and Remuneration Committee of the Board and subject to other approvals, if any, consent of the members of the Company be and is hereby accorded for revision in the terms of appointment pertaining to remuneration of Mr. Nikhil P. Desai (DIN: 01660649) as CEO & Managing Director of the Company, for the Financial Year 2024-25 onwards with an authority to the Board of Directors to consider yearly revisions based upon the recommendation of the Nomination and Remuneration Committee of the Board (‘NRC’) within overall ceiling as prescribed below with effect from April 1, 2024:

Salary (₹ in lakhs pa)		Tenure	Other Terms & Conditions
FY 2024-25	@ Ceiling upto FY 2026-27		
83.16	120.00	August 20, 2022 to August 19, 2027	Board is empowered to consider revision in yearly salary for FY 2025-26 – FY 2026-27 based upon the recommendation of the NRC and within the overall ceiling as prescribed.

RESOLVED FURTHER THAT the Nomination and Remuneration Committee of the Board of Directors of the Company be and is hereby authorised to determine the manner and the extent to which the Commission in addition to the salary shall be payable to Mr. Nikhil P. Desai, upto an overall limit of 3% of the Net Profit as calculated in accordance with the provisions of section 198 of the Companies Act, 2013.

RESOLVED FURTHER THAT except the change as stated herein above, all other terms and conditions of appointment, as approved earlier by the Members and which are not dealt with in this Resolution, shall remain unchanged and continue to be effective.

RESOLVED FURTHER THAT the Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

8. To approve revision in terms & conditions of appointment of Mr. Santosh M. Kakade (DIN: 08505234), Executive Director of the Company:

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to provisions of sections 197, 198 and all other applicable provisions, if any, read with Schedule V of the Companies Act, 2013 (“the Act”), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and in accordance with the recommendation of Nomination and Remuneration Committee of the Board and subject to other approvals, if any, consent of the members of the Company be and is hereby accorded for revision in the terms of appointment pertaining to remuneration of Mr. Santosh M. Kakade (DIN: 08505234) as an Executive Director of the Company, for the Financial Year 2024-25 onwards with an authority to the Board of Directors to consider yearly revisions based upon the recommendation of the Nomination and Remuneration Committee of the Board (‘NRC’) within overall ceiling as prescribed below with effect from April 1, 2024:

Salary (₹ in lakhs pa)		Other Terms & Conditions
FY 2024-25	@ Ceiling upto FY 2026-27	
40.00	60.00	@ Board is empowered to consider revision in yearly salary for FY 2025-26 – FY 2026-27, based upon the recommendation of the NRC and within overall ceiling as prescribed.

RESOLVED FURTHER THAT the Nomination and Remuneration Committee of the Board of Directors of the Company be and is hereby authorised to determine the manner and the extent to which the Commission in addition to the salary shall be payable to Mr. Santosh M. Kakade, upto an overall limit of 0.50% of the Net Profit as calculated in accordance with the provisions of section 198 of the Companies Act, 2013.

RESOLVED FURTHER THAT except the change as stated herein above, all other terms and conditions of appointment, as approved earlier by the Members and which are not dealt with in this Resolution, shall remain unchanged and continue to be effective.

RESOLVED FURTHER THAT the Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

9. To ratify the remuneration payable to Cost Auditor for the Financial Year 2024-25:

Registered Office:

Plot no 57, 58, 60 to 64,
62A, S-3/1, Sector-3, Sagore
Village, Pithampur Industrial Area,
Dhar - 454775, Madhya Pradesh

Mumbai / April 22, 2024

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration of ₹ 1,00,000/- (Rupees One Lakh only) plus taxes, as applicable, and reimbursement of out of pocket expenses to be paid to PHS & Associates, Cost Accountant (Firm Registration No.101038), being the Cost Auditor appointed by the Board of Directors of the Company to conduct audit of the cost records and related books maintained by the Company for the Financial Year 2024-25, be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT the Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By order of the Board of Directors

Priyanka Chaurasia
Company Secretary
ICSI M. No. A44258

NOTES:

1. The Ministry of Corporate Affairs, Government of India ("MCA") vide General Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 21/2021, 02/2022, 10/2022 and 09/2023 dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 14, 2021, May 5, 2022, December 28, 2022 and September 25, 2023, respectively, ("MCA Circulars") has allowed conduct of Annual General Meetings ("AGM") by Companies through Video Conferencing/ Other Audio Visual Means ("VC/ OAVM") facility up to September 30, 2024, in accordance with the requirements provided in paragraphs 3 and 4 of the MCA General Circular No. 20/2020. The Securities and Exchange Board of India ("SEBI") also vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022, Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 and Circular No. SEBI/HO/CFD/CFD-PoD-2/P/ CIR/2023/167 dated October 7, 2023 ("SEBI Circulars") has provided certain relaxations from compliance with certain provisions of the SEBI Listing Regulations. In compliance with these Circulars, provisions of the Act and the SEBI Listing Regulations, the 6th AGM of the Company is being conducted through VC/ OAVM facility, which does not require physical presence of members at a common venue. The deemed venue for the 6th AGM shall be the Registered Office of the Company.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the business under Item Nos. 3 to 9 of the Notice, is annexed hereto. Further, the relevant details with respect to Director seeking re-appointment at this AGM, pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director is also annexed.
3. In terms of the MCA Circulars and relevant circulars issued by SEBI, the Notice of the 6th AGM and Annual Report for the financial year ended March 31, 2024 is being sent only through electronic mode to those members whose email addresses are registered with the Company/ Depository Participants ("DPs") and will also be available on the website of the Company at www.aarti-surfactants.com, on the website of BSE Limited at www.bseindia.com, on the website of National Stock Exchange of India Limited at www.nseindia.com and also on the website of National Securities Depository Limited ("NSDL") at www.evoting.nsdl.com. Since the 6th AGM will be held through VC/ OAVM facility, the Route Map is not annexed in this Notice.
4. In terms of the MCA Circulars, physical attendance of members has been dispensed with and therefore, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by members under Section 105 of the Act will not be available for the 6th AGM. However, pursuant to Section 112 and Section 113 of the Act, representatives of the members may be appointed for the purpose of voting through remote e-Voting, for participation in the 6th AGM through VC/ OAVM facility and e-Voting during the 6th AGM.
5. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended, SS-2 issued by the ICSI and Regulation 44 of the SEBI Listing Regulations read with MCA Circulars, the Company is providing remote e-Voting facility to its members in respect of the business to be transacted at the 6th AGM and facility for those members participating in the 6th AGM to cast vote through e-Voting system. The Company has engaged the services of NSDL to provide e-Voting and VC/OAVM facility.
6. Members may join the 6th AGM through VC/OAVM facility by following the procedure as mentioned below which shall be kept open for the members from 10:30 A.M. IST i.e. 30 minutes before the time scheduled to start the 6th AGM.
7. Members may note that the VC/OAVM facility provided by NSDL, allows participation of at least one thousand members on a first-come-first-served basis. The large members (i.e. members holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, Auditors, etc. can attend the 6th AGM without any restriction on account of first-come-first-served basis.
8. Attendance of the members participating in the 6th AGM through VC/OAVM facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
9. All the relevant documents referred to in this AGM Notice and Explanatory Statement etc., Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170

- and Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 and other documents shall be available for inspection both at the Company's registered office and electronically by the members on all working days during 11:00 a.m. to 1:00 p.m. till the date of the AGM. Members seeking to inspect such documents can send an e-mail to investors@aarti-surfactants.com from their registered e-mail address.
10. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc.
 - a. For shares held in electronic form: to their Depository Participants ("DPs")
 - b. For shares held in physical form: to the Company/ RTA in prescribed Form ISR-1 and other forms pursuant to SEBI Master Circular No. SEBI/HO/MIRSD/SECFATF/P/ CIR/2023/169 dated October 12, 2023. To mitigate unintended challenges on account of freezing of folios, SEBI vide its Circular No. SEBI/HO/MIRSD/POD-1/P/ CIR/2023/181 dated November 17, 2023, has done away with the provision regarding freezing of folios not having PAN, KYC, and Nomination details.
 11. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DPs and holdings should be verified from time to time.
 12. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the Listed Companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/exchange of securities certificate; endorsement; sub-division / splitting of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR - 4, the format of which is available on the Company's website at www.aarti-surfactants.com .It may be noted that any service request can be processed only after the folio is KYC Compliant.
 13. In terms of Regulation 40(1) of Listing Regulations, as amended from time to time, transfer, transmission and transposition of securities shall be effected only in dematerialized form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialization, Members are advised to dematerialize the shares held by them in physical form. Members can contact the Company or Link Intime, for assistance in this regard.
 14. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or Link Intime, the details of such folios together with the share certificates along with the requisite KYC Documents for consolidating their holdings in one folio. Requests for consolidation of share certificates shall be processed in dematerialized form.
 15. As per the provisions of Section 72 of the Act, the facility for making nominations is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/she may submit the same in Form ISR-3 or SH-14 as the case may be. The said forms can be downloaded from the Company's website www.aarti-surfactants.com and on the website of Link Intime at <https://liiplweb.linkintime.co.in/KYC-downloads.html>. Members are requested to submit the said details to their DP in case the shares are held by them in dematerialized form and to Link Intime in case the shares are held in physical form.
 16. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company as on the cut-off date will only be entitled to vote during the AGM.
 17. SEBI vide Circular Nos. SEBI/HO/OIAE/OIAE_IAD-1/P/ CIR/2023/131 dated July 31, 2023, and SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/135 dated August 4, 2023, read with Master Circular No. SEBI/HO/ OIAE/OIAE_IAD-1/P/CIR/2023/145 dated July 31, 2023 (updated

as on August 11, 2023), has established a common Online Dispute Resolution Portal ("ODR Portal") for resolution of disputes arising in the Indian Securities Market.

Pursuant to above-mentioned circulars, post exhausting the option to resolve their grievances with the RTA/ Company directly and through existing SCORES platform, the investors can initiate dispute resolution through the ODR Portal (<https://smartodr.in/login>).

18. Members seeking any information with regard to the financial statements are requested to write to the Company on or before Wednesday, August 14, 2024, through e-mail on investors@aarti-surfactants.com. The same will be replied by the Company suitably.
19. Members are requested to note that dividends, if not encashed for a period of 7 years from the date of transfer to the Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). Further, all the shares in respect of which dividend has remained unclaimed for 7 consecutive years or more from the date of transfer to unpaid dividend account shall also be transferred to IEPF. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline.

The Members whose unclaimed dividends and/or shares have been transferred to IEPF, may contact the Company or RTA and submit the required documents for issue of Entitlement Letter. The Members can attach the Entitlement Letter and other required documents and file the IEPF-5 form for claiming the dividend and/ or shares available on www.iepf.gov.in.

20. CS Sunil M. Dedhia, Practising Company Secretary (ICSI M. No. F3483) has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.

The Scrutiniser shall, immediately after the conclusion of voting at the Meeting, count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting and at the meeting in the presence of at least two witnesses not in the employment of the Company. Scrutiniser shall within 2 working days of conclusion of the meeting submit a consolidated scrutiniser report of the total votes

cast in favour or against, if any, to the Chairman or a person authorised by him in writing.

The results along with the Scrutiniser's Report shall be placed on the website of the Company and on the website of NSDL and shall be communicated to BSE Limited and National Stock Exchange of India Limited.

21. General instructions for accessing and participating in the 6th AGM through VC/OAVM facility and voting through electronic means including remote e-Voting:

A. Instructions for Remote e-Voting:

The remote e-voting period will commence from **Sunday, August 11, 2024 at 9:00 A.M. (IST) and ends on Tuesday, August 13, 2024 at 5:00 P.M (IST)**. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. August 6, 2024, may cast their vote electronically. The voting right of Members shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being August 6, 2024.

The instructions for Members voting electronically are as under:

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

I. Login method for e-Voting and joining virtual meeting for Individual Members holding securities in demat mode.

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual Members holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Members are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual Members holding securities in demat mode is given below:

Type of Members

Individual Members holding securities in demat mode with NSDL.

Login Method

Existing **IDEAS** user can visit the e-Services website of NSDL Viz. <https://eservices.nsd.com> either on a Personal Computer or on a mobile. On the e-Services home page click on the **“Beneficial Owner”** icon under **“Login”** which is available under **‘IDEAS’** section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on **“Access to e-Voting”** under e-Voting services and you will be able to see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

If you are not registered for IDEAS e-Services, option to register is available at <https://eservices.nsd.com>. Select **“Register Online for IDEAS Portal”** or click at <https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp>

Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsd.com/> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Shareholders/Members can also download NSDL Mobile App **“NSDL Speede”** facility by scanning the QR code mentioned below for seamless voting experience.

NSDL Mobile App is available on



Type of Members	Login Method
Individual Members holding securities in demat mode with CDSL	<p>Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password.</p> <p>After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.</p> <p>If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option.</p> <p>Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>
Individual Members (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Members holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Members holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at 022 - 48867000
Individual Members holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

II. Login Method for shareholders other than Individual shareholders holding securities in demat mode.

How to Log-in to NSDL e-Voting website?

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
- A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

d) Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

e) Password details for Members other than Individual Members are given below:

i. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

ii. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

iii. How to retrieve your 'initial password'?

- If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
- If your email ID is not registered, please follow steps mentioned below in **process for those Members whose email ids are not registered.**

f) If you are unable to retrieve or have not received the "initial password" or have forgotten your password:

- Click on "Forgot User Details/Password?"(If you are holding shares in your demat account

with NSDL or CDSL) option available on www.evoting.nsdl.com.

- Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
- Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

g) After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

h) Now, you will have to click on "Login" button.

i) After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For

joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join Meeting”.

3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for Members for e-Voting

1. Institutional Members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to sunil@sunildedhia.com / dedhiasunil@gmail.com with a copy marked to evoting@nsdl.com. Institutional Members (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available at the download section of www.evoting.nsdl.com or call on.: 022 - 4886 7000 or send a request to Ms. Pallavi Mhatre at evoting@nsdl.com or pallavid@nsdl.co.in

Process for those Members whose email ids are not registered with the depositories for procuring user id and password and registration of email address for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of Member, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to investors@aarti-surfactants.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to investors@aarti-surfactants.com. If you are an Individual Members holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. Login method for e-Voting and joining virtual meeting for Individual Members holding securities in demat mode.
3. Alternatively shareholder/members may send a request to evoting@nsdl.com for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual Members holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Members are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

B. Instructions for Members for participating in the 6th AGM through VC/ OAVM are as under:

- 1) Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of “VC/OAVM” placed under **“Join meeting”** menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu.

The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

- 2) Members are encouraged to join the Meeting through Laptops for better experience.
- 3) Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- 4) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- 5) Members who would like to express their views or ask questions during the meeting may register themselves as a speaker by sending their request from their registered email ID mentioning their name, demat account number/ folio number, PAN, mobile number at investors@aarti-surfactants.com at least 5 days before the date of AGM. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. When a pre-registered speaker is invited to speak at the meeting, but he/ she does not respond, the next speaker will be invited to speak. Accordingly, all speakers are requested to get connected to a device with a video/ camera along with good internet speed. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
- 6) Members can raise questions at the AGM through a chat box and they are requested to frame their questions precisely. Once the Member clicks the link for VC/ OAVM in Shareholder/Members login where

the EVEN of Company will be displayed, Members will be able to view AGM VC/OAVM proceedings along with the chat box. The questions raised by the Members will be replied to by the Company suitably.

C. Instructions for Members for e-Voting during the 6th AGM are as under:

- 1) Members not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
- 3) Members who have voted through remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- 4) The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-voting and reproduced here for convenience:

Mr. Sanjeev Yadav, Assistant Manager or Ms. Pallavi Mhatre, Senior Manager, NSDL, Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013, at the designated email address: evoting@nsdl.com or at telephone no.: 022-4886 7000. Members may also write to the Company Secretary at the Company's email address investors@aarti-surfactants.com.

By order of the Board of Directors

Registered Office:

Plot no 57, 58, 60 to 64,
62A, S-3/1, Sector-3, Sagore
Village, Pithampur Industrial Area,
Dhar - 454775, Madhya Pradesh

Priyanka Chaurasia

Company Secretary
ICSI M. No. A44258

Mumbai / April 22, 2024

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following Statement sets out all material facts relating to the businesses mentioned under Item Nos. 3 to 9 of the accompanying Notice:

Item No. 3:

The following is being provided as an additional information to the Members, in terms of Regulation 36(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

At the 1st Annual General Meeting ("AGM") held on October 21, 2019, the Members approved the appointment of Gokhale & Sathe, Chartered Accountants (Firm Registration No. 103264W), as Statutory Auditors of the Company for a term of five consecutive years from the conclusion of the 1st AGM. Accordingly, their first term will expire at the conclusion of the 6th AGM.

In terms of the provisions of Section 139 of the Act, the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, the Company can appoint or re-appoint an audit firm as statutory auditors for two terms of five consecutive years.

Pursuant to the recommendation of the Audit Committee, the Board at its meeting held on April 22, 2024 approved and recommended to the Members the re-appointment of Gokhale & Sathe as the Statutory Auditors of the Company for a second term of five consecutive years, to hold office from the conclusion of 6th AGM till the conclusion of 11th AGM to be held in the year 2029. The aforesaid re-appointment has been recommended based on review of performance of Gokhale & Sathe during their first term as auditors and considering various factors such as their independence, industry experience, skills and expertise and quality of audit.

Gokhale & Sathe, Chartered Accountants ("the firm") is having 41 years of experience. As on date, the firm has 13 partners, 22 other Chartered Accountants & Professionals and total staff strength of around 200 including articled assistants. The firm is empanelled with various authorities like ICAI, C&AG, NHA, CBI, IBA, etc. The firm is having rich clientele of listed manufacturing companies, various financial institutions, banks, non-banking financial companies (NBFC), insurance companies, along with other entities from other sectors.

The Company has received a written consent from Gokhale & Sathe and a certificate confirming that they satisfy the criteria provided under Section 141 of the Act and that their re-appointment, if approved, shall be in accordance with the applicable provisions of the Act and

rules framed thereunder. Further, Gokhale & Sathe have provided a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The proposed remuneration payable to Gokhale & Sathe for audit services for the financial year 2024-25 is 7.65 Lakhs (Rupees Seven Lakhs and Sixty Five Thousands Only), excluding out-of-pocket expenses and applicable taxes. Future, remunerations for subsequent years, with up to a 10 percent increment, will be determined by the Board based on the Audit Committee's recommendation and mutual agreement with the Statutory Auditors,

None of the Directors, Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution.

Your Directors recommend the resolution set out at Item no. 3 for approval of the Members by way of an Ordinary Resolution.

Item Nos. 4 and 5:

Your Company aims to provide competitive remuneration opportunities to its Employees. It believes that equity-based compensation plans are an effective tool to align employee remuneration to long term performance of the Company. Such a plan can provide an opportunity to Employees to share the growth of the Company. With a view to drive long term performance, retain key talent and to attract new talent, your Company intends to implement an employee stock option plan namely '**Aarti Surfactants Limited Employee Stock Option Plan 2024**' ('ESOP 2024'/Plan') to cover Employees of the Company. Your Company also intends to extend the benefits of the plan to Employees of present and future Subsidiary Companies.

Accordingly, the Nomination and Remuneration Committee of the Board of Directors ("Committee") and the Board of Directors of the Company at their respective Meetings held on April 22, 2024 approved the introduction of ESOP 2024 and recommended for the approval of members.

The Board has nominated the Committee to be designated as the Compensation Committee for the administration and superintendence of the Plan in accordance with SEBI Regulations. The Company intends to grant up to 1,00,000 (One Lakh Only) Options of the Company in the ratio of One equity share of the face value of ₹ 10/- (Rupees Ten Only) each fully paid-up for every One Stock Option, on such terms and conditions as the Committee may decide under the Plan in accordance with the SEBI Regulations and other applicable laws.

In terms of Section 62(1)(b) of the Companies Act, 2013 read with Regulation 6 of the SEBI Regulations, the Company seeks approval of the Members for implementation of the Plan and

grant of stock options thereunder to the employees of the Company and its Subsidiary Company(ies) (present or future), as the Committee may decide under the Plan in accordance

with the SEBI Regulations and other applicable laws. The main features of ESOP 2024 are as under:

a) Brief description of the Plan:

In view of the aforesaid background, the Plan contemplates grant of options to the employees of the Company and its Subsidiary Company(ies) (present or future). After vesting of options, the employees earn a right, but not an obligation, to exercise the vested options within the exercise period and obtain equity shares of the Company subject to payment of exercise price and satisfaction of any tax obligation arising thereon and other terms and conditions of the Plan.

The Nomination and Remuneration Committee ("Committee") of the Company shall act as Compensation Committee for the supervision of Plan and shall administer the Plan. All questions of interpretation of the Plan shall be determined by the Committee as per terms of the Plan.

Under the overall authority of the Committee, the Plan Administrator (which shall include the Human Resource Officer and / or the Company Secretary of the Company or any other role holder(s) authorized by the Committee from time to time to take necessary administrative steps in order to implement, supervise and administer the Plan) shall be authorised and responsible to take necessary administrative steps in order to implement, supervise and administer the plan, including:

- i. Determine employee-wise number of grants for Committee's approval,
- ii. Issue, amend, modify the Grant Letters to Grantees,
- iii. Compute Vesting of Options as per the Plan basis level of performance achievement,
- iv. Accept nomination forms/exercise notices from Grantees,
- v. Execute, sign and deliver all letters, correspondence, certificates, undertaking

and other deeds and documents on behalf of the Company for any purpose incidental or ancillary to the Scheme,

- vi. Appoint any consultant, lawyer, professional etc. for any legal opinion, advice, views or to represent the Company before any statutory or non- statutory authority. Also, appoint valuer / chartered accountant as may be required, and
- vii. Do all such acts, deeds and things as may be required to implement and administer the Plan or any other matter connected thereto under the Authority of the Committee.

The Plan shall be called as 'Aarti Surfactants Limited Employee Stock Option Plan 2024' ('ESOP 2024'/'Plan').

The objectives of the Plan are:

- Support attraction & retention of key talent in the Company.
- Incentivize long term performance and value creation.

b) Total number of options to be granted:

The total number of options to be granted under the ESOP 2024 shall not exceed 1,00,000 (One lakh). Each option when exercised would be converted into one equity share of ₹ 10/- (Rupees Ten Only) each fully paid up. Further, in case of any corporate action(s) such as rights issue, bonus issue, merger, sale of division etc., a fair and reasonable adjustment needs to be made to the options granted as per SBEB Regulations. In this regard, the Committee shall adjust the number and price of the options granted in such a manner that the total value of the options granted under the ESOP 2024 remain the same after any such corporate action. Accordingly, if any additional options are issued by the Company to the option grantees for making such fair and reasonable adjustment, the ceiling shall be deemed to be increased to the extent of such additional options issued. Stock Options lapsed or cancelled due to any reason including the reason for lapse of exercise period or due to resignation of the eligible employees or otherwise, would be available for being re-granted at a future date. The Board is authorized to re-grant such lapsed / cancelled options as per ESOP 2024.

c) Identification of classes of employees entitled to participate in the Plan:

Following classes of employees are entitled to participate in the Plan:

- i. a permanent employee of the Company who has been working in India or outside India;
- ii. a Director of the Company, whether a whole time director or not but excluding an Independent Director.

but does not include-

- i. an employee who is a Promoter or belongs to the Promoter Group; and
- ii. a director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the issued and subscribed shares of the Company.

d) Requirements of Vesting and period of Vesting:

All the options granted on any date shall vest not earlier than the minimum period of 1 (One) year and not later than a maximum period of 7 (Seven) years from

the date of grant of options as may be determined by the Nomination and Remuneration Committee. The Committee may extend, shorten or otherwise vary the vesting period from time to time subject to these minimum and maximum vesting period. The vesting dates in respect of the options granted under the ESOP 2024 shall be determined by the Nomination and Remuneration Committee and may vary from an employee to employee or any class thereof and / or in respect of the number or percentage of options to be vested. Options shall vest essentially based on continuation of employment / service as per requirement of SBEB Regulations. Apart from that, the Committee may prescribe achievement of any performance condition(s) for vesting.

Following table shall be applicable in case of various scenarios (during employment) for vesting and exercising:

Sr. No.	Separations	Vested Options	Unvested Options
1	Resignation	Subject to the terms and conditions formulated by the Committee, all Vested Options as on date of submission of resignation may be Exercised by the Option Grantee on or before his last working day with the Company.	All Unvested Options on the date of submission of resignation shall stand cancelled with effect from that date.
2	Termination (With cause like fraud, misconduct etc.)	All Vested Options which were not allotted at the time of such termination shall stand cancelled with effect from the date of such termination.	All Unvested Options on the date of such termination shall stand cancelled with effect from the termination date.
3	Termination (Without cause)	All Vested Options which were not allotted at the time of such termination may be Exercised by the Option Grantee on or before his last working day with the Company.	All Unvested Options on the date of such termination shall stand cancelled with effect from the termination date.
4	Retirement or early Retirement approved by Company	All Vested Options as on date of retirement may be Exercised by the Option Grantee within the period as permitted by Committee at the time of such retirement or early retirement.	All Unvested Options shall vest immediately on the date of retirement (subject to minimum Vesting Period of 1 year from date of Grant) and may be exercised by the Option Grantee on or before his last working day with the Company.
5	Death	All Vested Options may be Exercised by the Option Grantee's nominee or legal heir's immediately after, but in no event later than 12 months from the date of death.	All Unvested Options as on the date of death shall vest immediately and may be Exercised by the Option Grantee's nominee or legal heir's within 12 months from the date of death.

Sr. No.	Separations	Vested Options	Unvested Options
6	Permanent Disability	All Vested Options may be Exercised by the Option Grantee or, if the Option Grantee is himself, unable to Exercise due to such disability, the nominee or legal heir, immediately after, but in no event later than 12 months from the date of such disability.	All Unvested Options as on the date of such permanent disability shall vest immediately and can be Exercised by the Option Grantee or if the Option Grantee is himself unable to Exercise due to such incapacity, the nominee or legal heir immediately after, but in no event later than 12 months from the date of such disability.
7	Abandonment*	All the Vested Options shall stand cancelled.	All the Unvested Options) shall stand cancelled.
8	Any other reason not specified above	The NRC committee shall decide whether the Vested Options as on that date can be Exercised by the Option Grantee or not, and such decision shall be final.	All Unvested Options on the date of separation shall stand cancelled with effect from that date.

*The Committee, at its sole discretion shall decide the date of cancellation of Options and such decision shall be binding on all concerned. Provided that, in accordance with Applicable Law, notwithstanding anything to the contrary contained herein, the Company shall not vary the terms of the ESOP 2024 in any manner which may be detrimental to the interests of the Employees.

e) Exercise price or pricing formula:

The Exercise Price shall be as may be decided by the Nomination and Remuneration Committee as is allowed under the Companies Act/ SBEB Regulations which in any case will not be lower than the face value of the equity shares of the Company on the date of such grant. Further the Exercise Price can be different for different sets of employees for Options granted on same/different dates.

f) Exercise period and process of exercise:

The exercise period shall not be more than three years from the date of respective vesting of Options. The Options granted may be exercised by the grantee at one time or at various points of time within the exercise period as determined by the Committee from time to time. The Vested Options shall be exercisable by the Employees by a written application to the Company expressing his/her desire to exercise such Options in such manner and in such format as may be prescribed by the Nomination and Remuneration Committee from time to time. The Options shall lapse if not exercised within the specified exercise period. The Options may also lapse, under certain circumstances even before the expiry of the specified exercise period. Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favour of the Company, or by any other payment methods prevalent in RBI recognized banking channels or in such other manner and subject to such procedures as the Committee may decide.

g) Appraisal process for determining the eligibility of employees under the ESOP 2024:

The appraisal process for determining the eligibility of the Employee will be determined by the Committee from time to time and will be based on criteria such as the grade of Employee, length of service, performance record, merit of the Employee, future potential contribution by the Employee and/ or by any such criteria that may be determined by the Committee from time to time.

h) Maximum number of Stock Options to be issued per Employee and in the aggregate under the Plan:

The maximum number of options that may be granted to an employee under the ESOP 2024 in aggregate per employee shall be determined by the Nomination and Remuneration Committee of the Board with respect to an individual employee. Further, the maximum number of options to be granted per employee per grant and in aggregate shall not exceed 1,00,000 (One lakh). The number of Options that may be granted to any specific employee under ESOP 2024 scheme shall not be equal to or exceeding the number of equity shares equivalent to 1% of the issued capital of the Company (excluding conversions) and in aggregate in any financial year at the time of grant of options, if the prior specific approval from Members of the Company through a special resolution to this effect is not obtained.

i) Maximum quantum of benefits to be provided per employee under the Plan:

The maximum quantum of benefit for the employees under the ESOP 2024 is the difference between the exercise price of the options and the market price of the equity shares of the Company as on the date of exercise of options.

j) Whether the Plan is to be implemented and administered directly by the Company or through a trust:

The Plan is proposed to be implemented and administered directly by the Company.

k) Certificate from Secretarial Auditor:

The Board of directors shall at each annual general meeting place before the Members a certificate from the Secretarial Auditor of the Company. This certificate must confirm that the ESOP 2024 scheme has been executed in compliance with the relevant regulations and the resolutions passed by the Company in its general meetings.

l) Whether the Plan involves new issue of shares by the Company or secondary acquisition or both:

The Plan contemplates a new issue of equity shares by the Company.

m) Amount of loan to be provided for implementation of the Plan by the Company to the trust, its tenure, utilization, repayment terms, etc.:

Not Applicable.

n) Maximum percentage of secondary acquisition that can be made by the Trust for the purpose of the Plan

Not Applicable

o) Disclosure and Accounting Policies:

The Company shall comply with the disclosure and accounting policies prescribed in Regulation 15 of SBEB Regulations and as applicable, from time to time.

p) Method of valuation of Options:

The Company shall use the Fair Value Method for valuation of the Options as prescribed under

IND AS 102 or under any Accounting Standard, as applicable, notified by appropriate authorities from time to time.

q) Rights of the Option holder:

The employee shall not have the right to receive any dividend or to vote or in any manner enjoy the benefits of a Member in respect of Option granted to him, till shares are allotted upon exercise of Option.

r) Consequence of failure to exercise option:

All unexercised Options shall lapse if not exercised on or before the exercised period ends. The amount payable by the employee, if any, at the time of grant of Option –

- i. may be forfeited by the Company if the Option is not exercised by the employee within the exercise period; or
- ii. may be refunded to the employee if the options are not vested due to non-fulfilment of conditions relating to vesting of Option as per the ESOP 2024 plan.

s) Lock-in:

The Shares issued upon exercise of Options shall be freely transferable and shall not be subject to any lock-in period restriction after such exercise.

Provided that the transferability of the Shares shall be subject to the restriction for such period in terms of the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time read with Company's Code of Conduct for Prevention of Insider Trading.

t) Terms & conditions for buyback, if any, of specified securities covered under these Regulations:

Not Applicable

u) Listing:

The shares allotted pursuant to the exercise of the stock options under ESOP 2024, shall be listed on BSE Limited and National Stock Exchange of India Limited.

A draft copy of the Plan is available for inspection to the Members of the Company both at the Company's registered office and electronically. Members may arrange an inspection by emailing investors@aqarti-surfactants.com

None of the Directors, Key Managerial Personnel or their relatives is, in any way concerned or interested, financially or otherwise in this resolution except to the extent of Options proposed to be granted to them under the Plan.

Your Directors recommend the resolutions set out at Item nos. 4 and 5 for approval of the Members by way of a Special Resolution.

Item No. 6:

Mrs. Misha Bharat Gala (DIN: 08523865) is currently an Independent Director of the Company, Chairperson of the Nomination and Remuneration Committee and Member of the Audit and Corporate Social Responsibility Committees.

Mrs. Misha Bharat Gala was appointed as an Independent Director of the Company by the Members at the 1st Annual General Meeting of the Company held on October 21, 2019 for a period of 5 (five) consecutive years commencing from August 20, 2019 upto August 19, 2024 (both days inclusive) and is eligible for re-appointment for a second term on the Board of the Company.

Based on the recommendation of the Nomination and Remuneration Committee ('NRC'), the Board of Directors at its meeting held on April 22, 2024, proposed the re-appointment of Mrs. Misha Bharat Gala as an Independent Director of the Company for a second term of 5 (five) consecutive years commencing from August 20, 2024 up to August 19, 2029 (both days inclusive), not liable to retire by rotation, for the approval of the Members by way of a Special Resolution.

Mrs. Misha Bharat Gala is a Chartered Accountant by profession. She is currently employed with HDFC Bank for the last 6 years. During her career span, she has worked with leading multinationals in the Finance field. The NRC taking into consideration the skills, expertise and competencies required for the Board in the context of the business and sectors of the Company and based on the performance evaluation, concluded and recommended to the Board that Mrs. Misha Bharat Gala qualifications and the experience meets the skills and capabilities required for the role of Independent Director of the Company. The Board is of the opinion that Mrs. Misha Bharat Gala continues to possess the identified core skills, expertise and competencies fundamental for effective functioning in her role as an Independent Director of the Company and her continued association would be of immense benefit to the Company.

The Company has received a declaration from Mrs. Misha Bharat Gala confirming that she continues to meet the criteria of independence as prescribed under Section 149(6) of the Act, read with the rules framed

thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'). In terms of Regulation 25(8) of the SEBI Listing Regulations, Mrs. Misha Bharat Gala has confirmed that she is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact her ability to discharge her duties. Mrs. Misha Bharat Gala has also confirmed that she is not debarred from holding the office of Director by virtue of any SEBI Order or any such authority pursuant to circulars dated June 20, 2018 issued by BSE Limited and the National Stock Exchange of India Limited pertaining to enforcement of SEBI Orders regarding appointment of Directors by the listed companies.

Further, Mrs. Misha Bharat Gala has confirmed that she is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as Director in terms of Section 152 of the Act, subject to re-appointment by the Members. Mrs. Misha Bharat Gala has also confirmed that she is in compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014, with respect to her registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs ('IICA'). She has also completed the online proficiency self-assessment test conducted by IICA.

In the opinion of the Board, Mrs. Misha Bharat Gala fulfils the conditions specified in the Act, rules thereunder and the SEBI Listing Regulations for re-appointment as an Independent Director and that she is independent of the Management. The terms and conditions of the appointment of Independent Directors is available for inspection to the Members of the Company both at the Company's registered office and electronically. Members may arrange an inspection by emailing investors@aarti-surfactants.com.

In compliance with the provisions of Section 149 read with Schedule IV to the Act, Regulation 17 of the SEBI Listing Regulations and other applicable provisions of the Act and SEBI Listing Regulations, the re-appointment of Mrs. Misha Bharat Gala as an Independent Director is now placed for the approval of the Members by a Special Resolution.

Disclosures as required under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India are annexed to this Notice.

None of the Directors except Mrs. Misha Bharat Gala, Key Managerial Personnel or their relatives is, in any way, concerned or interested, financially or otherwise, in the

said resolution. The relatives of Mrs. Misha Bharat Gala may be deemed to be interested in the said resolution, to the extent of their respective shareholding, if any, in the Company.

Your Directors recommend the resolution set out at Item no. 6 for approval of the Members by way of a Special Resolution.

Item No. 7:

Mr. Nikhil P. Desai has been Director of the Company since June 18, 2018. He has been acting as Managing Director since August 20, 2019. The members of the Company vide their resolution passed at the 4th Annual General Meeting held on August 5, 2022 approved the re-appointment and terms thereof, including remuneration of Mr. Nikhil P. Desai (DIN: 01660649) as the Managing Director of the Company for a period of 5 (five) years with effect from August 20, 2022 till August 19, 2027. He was also designated as Chief Executive Officer (CEO) and Managing Director (MD) of the Company in the Board Meeting held on October 31, 2023 effective from the said date.

As part of the aforesaid approval, the Members also approved the remuneration payable to Mr. Nikhil P. Desai for FY 2022-23, with any yearly revision subject to the approval of Members based on the recommendation of the Nomination and Remuneration Committee (NRC) and the Board from time to time.

In recognition of Mr. Nikhil P. Desai contributions to the Company's strong performance and increase in shareholder value over the years, and other key factors, and in accordance with the recommendation of the NRC, the Board of Directors at its Meeting held on April 22, 2024, approved revision in the Remuneration payable to Mr. Nikhil P. Desai for the remainder of his current term of appointment as CEO & Managing Director, within overall ceilings as prescribed with effect from April 1, 2024 as set out in the draft resolution proposed in the accompanying Notice subject to approval by the members:

Wherein any financial year during the currency of the tenure of the CEO & Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay remuneration by way of salary (as aforesaid) and perquisites (terms defined in the Notice of 4th AGM). This will be in compliance with Sections 197, 198 and all other applicable provisions, if any, read with Schedule V of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Mr. Nikhil P. Desai, being part of the Promoter Group of the Company, the annual remuneration payable to

Mr. Nikhil P. Desai during his tenure, may exceed the threshold prescribed under regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Hence your Directors recommend the said resolution for your approval as a Special Resolution.

None of the Directors except Mr. Nikhil P. Desai, Key Managerial Personnel or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution. The relatives of Mr. Nikhil P. Desai may be deemed to be interested in the said resolution, to the extent of their respective shareholding, if any, in the Company.

Your Directors recommend the resolution set out at Item no. 7 for approval of the Members by way of a Special Resolution.

Item No. 8:

Mr. Santosh M. Kakade (DIN: 08505234) has been director of the Company effective from August 20, 2019. He holds a Bachelor degree in Electrical Engineering. He has over 30 years of rich experience in the field of Plant Operations, Process development, Project Management and General Management.

Pursuant to provisions of sections 197, 198 and all other applicable provisions, if any, read with Schedule V of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and in accordance with the recommendation of Nomination and Remuneration Committee, the Board of Directors in its meeting held on April 22, 2024 approved revision in the remuneration of Mr. Santosh M. Kakade, Executive Director within overall ceilings as prescribed with effect from April 1, 2024 as set out in the draft resolution proposed in the accompanying Notice subject to approval by the members:

Additionally, Mr. Santosh M. Kakade shall also be entitled to Stock Options under the ESOP scheme of the Company and other benefits and perquisites as per policies of the Company.

None of the Directors except Mr. Santosh M. Kakade, Key Managerial Personnel or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution. The relatives of Mr. Santosh M. Kakade may be deemed to be interested in the said resolution, to the extent of their respective shareholding, if any, in the Company.

Your Directors recommend the resolution set out at Item no. 8 for approval of the Members by way of a Special Resolution.

Item No. 9:

The Board of Directors at its Meeting held on April 22, 2024, upon the recommendation of the Audit Committee, approved the re-appointment of PHS & Associates, Cost Accountant (Firm Registration Number: 101038), to conduct the audit of the cost records of the Company on a remuneration of ₹ 1,00,000/- (Rupees One Lakh only) excluding all applicable taxes and reimbursement of out of pocket expenses incurred in connection with the audit for the financial year 2024-25.

In terms of the provisions of Section 148 of the Companies Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (as amended from time to time), the remuneration as mentioned above, payable to the Cost Auditor is required to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditor for the financial year 2024-25 for the aforesaid services to be rendered by them.

None of the Directors, Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution.

Your Directors recommend the resolution set out at Item no. 9 for approval of the Members by way of an Ordinary Resolution.

By order of the Board of Directors

Registered Office:

Plot no 57, 58, 60 to 64,
62A, S-3/1, Sector-3, Sagore
Village, Pithampur Industrial Area,
Dhar - 454775, Madhya Pradesh

Mumbai / April 22, 2024

Priyanka Chaurasia

Company Secretary
ICSI M. No. A44258

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT

[Pursuant to Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard-2 on General Meetings]

Name of the Director	Mr. Chandrakant Vallabhaji Gogri	Mrs. Misha Bharat Gala
(DIN)	00005048	08523865
Date of birth	August 16, 1946	April 6, 1990
Age	77 Years	34 Years
Date of first appointment on the Board	June 18, 2018	August 20, 2019
Qualifications	B.E. (Chem), (UDCT, Mumbai), DBM	Chartered Accountant
Expertise in specific functional areas and skills and capabilities required for the role	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.	She is currently employed with HDFC Bank for the last 6 years. During her career span, she has worked with leading multinationals in the Finance field. The NRC taking into consideration the skills, expertise and competencies required for the Board in the context of the business and sectors of the Company and based on the performance evaluation, concluded and recommended to the Board that Mrs. Misha Bharat Gala qualifications and the experience meets the skills and capabilities required for the role of Independent Director of the Company. The Board is of the opinion that Mrs. Misha Bharat Gala continues to possess the identified core skills, expertise and competencies fundamental for effective functioning in her role as an Independent Director of the Company and her continued association would be of immense benefit to the Company.
Terms and conditions of re-appointment	Re-appointment as a Non-Executive, Non-Independent Director pursuant section 152(6) of Companies Act, 2013	Re-appointment as an Non-Executive, Independent Director pursuant to section 149, 150 and 152 of Companies Act, 2013 of Companies Act, 2013
Remuneration last drawn (including sitting fees, if any)	Reference is drawn to the Corporate Governance Report forming part of the Annual Report	
Remuneration proposed to be paid	They shall be paid remuneration by way of sitting fees and reimbursement of expenses for attending meetings of Board or Committees thereof or for any other purpose as may be decided by the Board.	
List of Directorship held in all the Companies	<ul style="list-style-type: none"> ● Aarti Surfactants Limited ● Alchemie Financial Services Ltd ● Parakh Hospitals Private Limited ● KJF Manavta-Ni-Mahek Foundation ● KJF Shelters Foundation ● Aarti Nature Care Private Limited ● Saswat Trusteeship Private Limited ● Crystal Millennium Realtors Private Limited ● Anushakti Enterprise Private Limited ● SFC Environmental Technologies Private Limited ● Prozeal Green Energy Limited 	None

Name of the Director	Mr. Chandrakant Vallabhaji Gogri	Mrs. Misha Bharat Gala
List of Membership / Chairmanship of Committees of Board held in all the Companies	Aarti Surfactants Limited Chairman – Corporate Social Responsibility Committee Membership – <ul style="list-style-type: none"> • Audit Committee • Nomination and Remuneration committee • Risk Management Committee • Finance and Investment Committee 	None
Listed entities from which the Director has resigned from Directorship in last 3 (three) years	None	None
No. of Board Meetings attended during FY2023-24	Three	Four
Inter-se relationship with other Directors and Key Managerial Personnel of the Company	None	None
No. of shares held:	302 shares	Nil
a) Own	Nil	Nil
b) For other persons on a beneficial basis		

By order of the Board of Directors

Registered Office:

Plot no 57, 58, 60 to 64, 62A,
S-3/1, Sector-3, Sagore Village,
Pithampur Industrial Area,
Dhar - 454775, Madhya Pradesh

Mumbai / April 22, 2024

Priyanka Chaurasia

Company Secretary
ICSI M. No. A44258



Aarti Surfactants Limited

AARTI SURFACTANTS LIMITED

Registered Address

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

Corporate/HO Address

Unit 202, Plot 71, Udyog Kshetra, 2nd Floor, Mulund-Goregaon Link Road, Mulund (West),
Mumbai – 400080, Maharashtra.

CIN : L24100MP2018PLC067037