



**NEOGEN**  
CHEMICALS LTD.

**September 5, 2020**

|                                                                                                                                                             |                                                                                                                                                                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| BSE Limited<br>Department of Corporate Services,<br>Floor 25, Phiroze Jeejeebhoy Towers,<br>Dalal Street,<br>Mumbai 400 001<br><b>Scrip Code No: 542665</b> | National Stock Exchange of India Limited<br>Listing Department,<br>Exchange Plaza,<br>Bandra Kurla Complex, Bandra (East),<br>Mumbai – 400 051<br><b>Company Symbol: NEOGEN</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**Sub: Submission of Annual Report for the financial year 2019-20 under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations")**

Dear Sir/Madam,

Pursuant to Regulation 34 of the Listing Regulations, we are submitting herewith the Annual Report of the Company for the financial year 2019-20 including the Notice of 31<sup>st</sup> Annual General Meeting (AGM). The 31<sup>st</sup> AGM of the Company is scheduled to be held on Monday, September 28, 2020 at 5.00 p.m. through video conferencing / Other Audio Video Means (VC/ OVAM) in accordance with 14/2020, 17/2020 and 20/2020 dated April 08, 2020, May 13, 2020 and May 5, 2020 respectively issued by Ministry of Corporate Affairs (MCA) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by the Securities and Exchange Board of India (SEBI). The Annual Report for the financial Year 2019-20 including the Notice of 31<sup>st</sup> AGM is being sent through electronic mode to those members whose email ids are registered with the Company or their Depository Participant and dispatched/ sent by permitted mode(s) to the members whose email ids are not registered with Company or Depository Participant or Link Intime India Private Limited (Registrar and Share Transfer Agent). The Annual report for the financial year 2019-20 is also available at the website of the Company at <https://neogenchem.com/annual-reports/>

Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Listing Regulations, the Company is pleased to provide its members with the remote e-voting / e-voting during the AGM facility to cast their votes electronically on the resolutions mentioned in the notice of 31<sup>st</sup> AGM, using the electronic voting platform provided by Link Intime India Private Limited. The voting rights of Members shall be in proportion to the shares held by them, as on cut-off date i.e. Friday, September 18, 2020.

The remote e-voting period commences on Friday, September 25, 2020 at 9:00 A.M and ends on Sunday, September 27, 2020 at 5:00 P.M. During this period, the Members of the Company holding shares in physical form or in dematerialized form, as on the cut-off date being Friday, September 18, 2020, may cast their vote by electronic means in the manner and process set out in the Notes to Notice of AGM. Also the facility to e-vote during the AGM will be available to those members who were not able to vote through remote e-voting during the e-voting period. The e-voting during the AGM will begin on Monday, September 28, 2020 at 5.00 p.m. and will end on completion of 30 minutes from the time of the conclusion of the AGM.

You are requested to kindly take the same on record.

Thanking you  
Yours faithfully  
**For Neogen Chemicals Limited**

**Unnati Kanani**  
**Company Secretary & Compliance Officer**  
**Membership No: ACS 35131**  
**Encl: A/a**



**NEOGEN®**  
CHEMICALS LTD.

# EXPANDING HORIZONS FOR A SUSTAINABLE FUTURE



ANNUAL REPORT  
2019-20



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# EXPANDING HORIZONS FOR A SUSTAINABLE FUTURE

FY 2020 was a successful year for Neogen as we grew our business, increased profitability and advanced our key strategic initiatives. This enabled us to improve our competitiveness and create value for our stakeholders. We intend to continue our strategy of working on multiple growth drivers for a sustainable growth.

With our core competencies in Organic and Inorganic chemistry, we lay a solid foundation for long-term sustainable growth by proactively strengthening our infrastructure, by enhancing our R&D and by augmenting our manufacturing assets. We also continue to make sincere efforts to expand our Advanced Intermediates and Contract Manufacturing business. We believe that these businesses will help us develop sustainable business with customers across geographies.

# MAXIMISING VALUE CREATION THROUGH PRODUCT INNOVATION AND BUSINESS EXCELLENCE

We are India's one of the largest manufacturers of Bromine-based compounds, Inorganic Lithium Salts, which mainly find applications in Pharmaceutical, Agrochemical, Specialty Polymer, Heating, Ventilation and Air Conditioning (HVAC) and Flavours and Fragrance Chemicals.

Our robust portfolio of organic and inorganic products, expertise in custom synthesis and contract manufacturing, and an unwavering focus on research and development has led us to become a preferred partner of choice for many global leading customers.

## WHAT DIFFERENTIATES US

We fulfil customers' demands through truly innovative and finest quality products aided by our three decades of industry experience and process chemistry know-how. A combination of our domain knowledge and the strong expertise of our promoters has enabled us to grow since inception.

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YEARS OF DOMAIN EXPERIENCE

205 (FY 2020)



198 (FY 2019)

Products in our portfolio

27 (FY 2020)

Countries we are present in

Our key certificates

ISO 9001:2015,  
ISO 14001:2015 and  
BS OHSAS 18001:2007

## OUR BUSINESS AREAS



### Organic Chemicals Manufacturing

Producing Organo Bromine Compounds, Advanced Intermediates, Specialty Compounds, and Grignard Reagents



### Inorganic Chemicals Manufacturing

Producing Inorganic Lithium Salts



### Custom Synthesis and Contract Manufacturing

Enabling Process & Products development for specific customers

## BUILDING BLOCKS FOR SUSTAINABLE GROWTH



### 1. Global Recognition

- o Recognised by leading global players as a reliable supplier of high-quality Bromine Compounds and Lithium Salts at competitive prices
- o Long-standing relationships with leading customers spread across multiple geographies



### 2. Best-in-class Manufacturing Capacities

- o Organic compounds capacity of 1,30,400 Litres of GLR
- o Expansion of Organic Chemicals plant capacity by 1,26,000 Litres of GLR; estimated to be commercialised by end of FY 2020-21
- o Enhanced Inorganic compounds capacity of approximately 2,400 MT p.a., post commencement of plant at Dahej SEZ
- o Quality and EHS-certified plants



### 3. Robust R&D Capabilities

- o 2 state-of-the-art R&D facilities comprising 24 members, led from the front by the Promoters
- o Research-driven organisation with sustained investment in R&D, leading to superior technical know-how and process chemistry
- o Higher customer satisfaction rates owing to in-house expertise that helps fulfil technical specification requirements of customers



### 4. Diversified Customer Base across Industries and Geographies

- o Catering to diverse industries, such as, pharmaceuticals, agrochemicals, aroma chemicals, electronic chemicals, construction chemicals, specialty polymer and VAM (vapour absorption machines), among others
- o Large number of domestic customers in diverse business segments
- o International customers spread across multiple geographies



### 5. Wide Portfolio of Specialised Products

- o Innovative Bromine compounds differentiated by high quality and low cost achieved through innovation
- o Niche speciality chemicals fulfilling requirements of customers across multiple industries



### 6. Business with High Entry Barriers

- o Preferred by customers, being one of the few global players with strong technical expertise and extensive experience in niche bromine and lithium-based chemistry
- o Ability to meet stringent quality requirements and impurity specifications for products
- o Customers partnering with best players in the space due to regulatory approvals and product specification filings requirements



### 7. Competent Management Bandwidth

- o Extensive industry experience of senior management
- o Promoters with chemical engineering background



### 8. Long-standing and Stable Relations with Suppliers

- o Established and nurtured relationships with raw material suppliers
- o Ensuring stable product supply which are competitively priced

# LETTER FROM THE CHAIRMAN AND MANAGING DIRECTOR



Dear Shareholders,

**FY 2019-20 has been a satisfactory year for your Company despite challenging economic conditions, accentuated further by outbreak of COVID-19 towards the year-end. Due to strong management capabilities, excellent customer relationship and a product portfolio differentiated by high quality and innovation, however, enabled us to continue on our growth path.**

We are one of the world's leading specialty chemicals company with an established presence in specialised areas of bromine and lithium-based chemical compounds. Since our inception in 1989, we have consistently been investing in strengthening our research and development capabilities. This has helped us in offering innovative products to our customers and kept us ahead of competition.

This, coupled with our sophisticated manufacturing capacities, has helped us embark on a transformative growth journey over the years. We develop a robust portfolio products that continue to meet even the most stringent technical specifications demanded by our customers.

## **R&D capabilities**

What truly differentiates us is our resolve to manufacture only those products where we have the ability to innovate. This has been our belief since inception and in the long run our customers have appreciated the value-added products and services offered by Neogen. We continue to extend this principle in our new business ventures of Advanced Intermediates and Contract Manufacturing and I am sure we will be able to offer the same differentiation to our new customers who will see value in the Neogen offerings which will surely benefit us in the long run.

## **De-risking the business**

With a clear focus on Sustainable Growth, we have prepared a strategy to add growth drivers which are

synergistic to our existing business and where we can leverage our core strength of Research & Innovation. We have accordingly embarked on the journey of adding Advanced Intermediates and also the business of Custom Synthesis and Contract Manufacturing to our existing business of Bromine Derivatives and Lithium Salts. The new products give us an opportunity to work in chemistries in addition to Bromine chemistry and multi-step products offer better chances on innovation. The Advanced Intermediates being more downstream are more strategic products for our customers and enhance the opportunity to further strengthen our relationship with our customers. The Contract Manufacturing business is more long-term in nature and also helps us de-risk our product sales business.

## **Nurturing relationships**

Honesty, integrity and good governance have always been the cornerstone of our business approach. Everything we do at Neogen has been guided by these fundamental principles. It is these principles that have enabled us to develop and nurture multi-decade relationships with our customers, suppliers, other key stakeholders and achieve sustainable growth. We intend to continue following these values as we traverse our growth journey, while ensuring the inclusive progression of all those who work with us, believe in us, and have become part of our extended family.

## **Strengthening human resources**

Our aim is to continue providing a conducive, motivated and safe working environment to our employees. As we strengthen our organisational capabilities by hiring competent and highly-qualified people. Backed by a dedicated workforce, strong R&D team, and experienced management bandwidth, we remain confident of scaling our business as we move ahead.

## **Moving ahead**

Going forward, we will continue to fulfil our customers' evolving needs and surpass their expectations by emphasising on innovation-driven and value-added products, along with forward integration services. We endeavour to achieve the growth objective of our own business as well as our business partners, while ensuring environmental sustainability and holistic development of a community of which we are a part.

As we endeavour to accomplish our sustainable growth ambitions, we aim to maximise value-creation for our new stakeholders, who share our vision and dreams and have shown faith in our abilities.

On behalf of the Board, I thank all our stakeholders for their continued support and belief in us.

Thank you for being a part of our success story.

Warm Regards,

**Mr. Haridas Kanani**

Chairman and Managing Director



## LETTER FROM THE MANAGING DIRECTOR



**Dear Shareholders,**

**We take pleasure in sharing our FY 2019-20 Annual Report. The year under review has been another successful one in our journey of growth.**

Although the year brought with it a fair share of challenges, including the outbreak of the novel COVID-19, I am happy to share that our business operations demonstrated strong resilience. After multiple waves of infection, as the pandemic led to extended lockdowns in all parts of India to contain the virus and flatten the curve, our plant temporarily shut down operations. As we opened up to continue business operations, we adhered to all the safety and precautionary norms laid out by various authorities and required by our internal standards.

### **Our scorecard**

Despite the turbulent times, our Company reported steady revenue growth of 28% at Rs. 30,612.17 lakhs, led by the positive demand momentum in both organic and inorganic chemicals segments, higher capacity utilisation, good traction in newly added products. The Organic Chemicals segment grew by 30% YoY to Rs. 24,884.43 lakhs, while the Inorganic Chemicals business reported a growth of 21% at Rs. 5,727.73 lakhs. Our EBITDA margins improved by 80 basis points and stood at 19% owing to superior economies of scale, favourable product mix, and tighter cost control measures undertaken.

Operating leverage led by robust revenue growth and higher plant utilisation coupled with low-interest burden resulted in superior PAT growth during the year. We registered PAT growth of 37% to Rs. 2,877.24 lakhs.

### **Business operations**

As the Company falls under the essential service category with more than 85% of our products (in value terms) supplied to pharma and agrochemical industries, we resumed operations even before the lockdown was lifted.

Operations were restarted in a phased manner at all our plants from April 2020 onwards, post receiving all the necessary government approvals. Plant utilisation was ramped up to more than 70% by mid-April 2020.

### **A sustainable business model**

Our order inflow from domestic and global customers remained unaffected despite the lockdown. Furthermore, even amidst the lockdown phase and post-relaxation, we ensured uninterrupted availability of key raw materials. This can be attributed to our long-standing and nurtured relationships with diverse suppliers, lower dependence on China imports and higher inventory stocking towards the end of the year.

### **Highlights of the year**

I am happy to report that we successfully commissioned a Greenfield inorganic chemicals facility at Dahej SEZ, Gujarat as per schedule and also initiated commercial production at the plant. With this, our inorganic production capacity stands doubled at 2,400 MT p.a., enabling us to cater to growing domestic and international demand for lithium-based products. I am happy to state that our inorganic products have been receiving encouraging response from new overseas customers.

### **Strengthening capacities**

We are also in the process of expanding our capacities for the manufacturing of Organic Chemicals. For this we are constructing a Greenfield facility at the Special Economic Zone in Dahej which is set to double our organic chemical manufacturing capacity. We are happy to share that the project activity for this Greenfield site has resumed again after the lockdown. All efforts are being made to get the project activities back on track and to ensure we are able to meet the original timelines. This facility will greatly assist in enhancing our capabilities for carrying out multi-step chemistry thereby increasing our infrastructure for manufacturing Advanced Intermediates and for



**Coupled with our deep customer connect and strong track record, we are confident of capitalising on the growing opportunities and capturing a higher share of the global market.**



the contract manufacturing business. In light of the robust demand scenario and backed by our augmenting capacities, we are confident of maintaining a high growth trajectory in the coming years.

The new site for manufacturing of Organic Chemicals at the SEZ Dahej and also, Karakhadi, Vadodara plant has additional land available for future expansion. With this, we remain confident of continuing on our sustainable growth trajectory in the years to come. Furthermore, our focus on working with new customers in the agro and pharma segments is bearing fruit, as we gain newer opportunities for molecules with tremendous business potential, stable revenue projections, and better margin profiles.

#### **Leveraging India's competitive positioning**

With India gaining prominence as a reliable and high quality manufacturing hub and with the Indian Government encouraging manufacturing initiatives, several global economies are now eyeing India as an alternative manufacturing and supply chain hub on account of its quality production capabilities at competitive costs. We stand to gain from this favourable shift in the global supply chain to India. Coupled with our deep customer connect and strong track record, we are confident of capitalising on the growing opportunities and capturing a higher share of the global market.

We believe we are well-positioned to take advantage of the global shift in domestic and international markets, backed by our core competencies, wide product portfolio, and enhanced manufacturing capacities. Our growth will be

further bolstered by our recently commercialised inorganic plant, upcoming organic plant, and focus on developing advanced intermediates to increase margin accretive CSM portfolio in the overall business mix.

#### **Concluding Remarks**

Being committed to research-driven innovation has set us apart from the competition. We will continue to invest in strengthening our R&D infrastructure and research team to ensure sustainable growth. Backed by a strong organisational bandwidth, robust infrastructure, competent and dedicated human resources and extensive experience, we remain confident of treading our growth plans and also remain well-positioned to continue the growth momentum in a calibrated and sustained manner.

I would like to thank all the employees for their tireless efforts throughout this challenging period. We also thank our vendors, customers and investors and other stakeholders who stood by us during these testing times.

We remain motivated to accomplish our growth objectives while maintaining long-term sustainability and gaining assurance of delivering added value to the stakeholders.

Warm Regards,

**Dr. Harin Kanani**  
Managing Director



# CORPORATE SOCIAL RESPONSIBILITY

At Neogen, our broader objective is to contribute to the well-being of the communities and society. While we strive to achieve superior business growth, we also proactively work to contribute to community development, while ensuring environmental sustainability.



## OUR KEY CSR INITIATIVES

### Promoting Mangrove Plantation

We continue our efforts to protect the environment through the 'Project Mission Mangroves' program in collaboration with United Way Mumbai. During the year, we planted 8,000 mangroves in the wetlands near Koparkhairane, Maharashtra and conducted mangrove awareness programmes for students residing near these areas.



### Improving Water and Land Resource Management

In collaboration with Bhasha Research and Publication Centre, we are empowering small and medium Adivasi farmers in Tapi district. In our Tubewell project, 15 borewells were set up during the year after conducting surveys and identifying villages facing water scarcity. Additionally, we are promoting resource sharing within the community to achieve cost efficiencies, while establishing these borewells.



### Supporting Agricultural Activities

We provided hybrid seeds to small-scale farmers through the Bhasha Research and Publication Centre. This will assist farmers in Dangar and Bhinda regions in increasing yields over 375 acres of land.



### Promoting Education

In collaboration with Bhasha Research and Publication Centre, we have extended the support to Vasantshala Mother Tongue and Multilingual Training Centre, which conducts primary schooling programmes for out-of-school children of migrant tribal labourers. This has been noticed by BBC and had run programme on how this scheme benefits other than formal scheme for tribal delivering growth. These programmes enable dropouts to learn in their mother tongue, before transitioning to formal education in government schools. Additionally, we promote child education and learning of performing arts by providing assistance to Shrimad Rajchandra Aatma Tatva Research Centre, Sanjivani Seva Kendra, and Lohana Vidyarthi Bhavan in Maharashtra.

Apart from these initiatives, we also extended our support to The Community Library Project (TCPL), which envisions a strong community-based public library system. We support the TCPL's vision to create a more equitable and thoughtful society by empowering all its members and providing free access to infrastructure and knowledge.



### Protecting Art, Culture and Language

We have sponsored Farbas Gujarati Sabha on its 3-year project to develop multi-volume books on contemporary Indian poets across India. This is aimed at preserving a broader perspective of Indian literature.



### Promoting Health Care

INGA Health Foundation, since its inception in FY 2005-06, has been treating infants with congenital skull and facial deformities/anomalies which involves not just the surgery but also Orthodontics, Speech Therapy and Counselling and Genetic evaluation to enable these children and young adults to integrate into the society through its three state-of-the-art pan-India treatment centres. Through its trained member team specialising in craniofacial disorders and comprehensive surgical treatment capabilities, INGA has performed over 10,000 surgeries till date. We support its vision of helping children integrate into the society through financial assistance utilised in treating 11 cleft and 8 Maxillofacial patients in FY 2019-20.



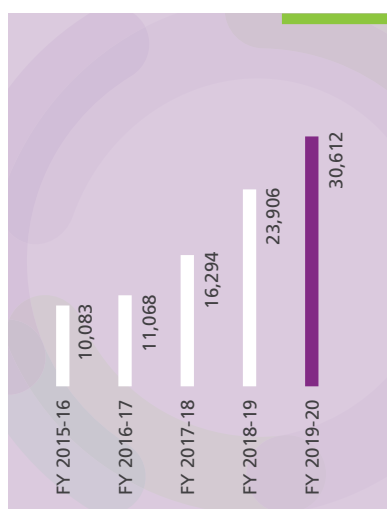
### COVID-19 Response

In our effort to combat COVID-19 crisis, we collaborated with United Way Mumbai and contributed Rs. 7.75 lakhs towards providing preventive health care solutions and promote higher use of sanitation. Additionally, this included disaster management activities targeted to curb further spread of the virus and ensure the health and safety of people.

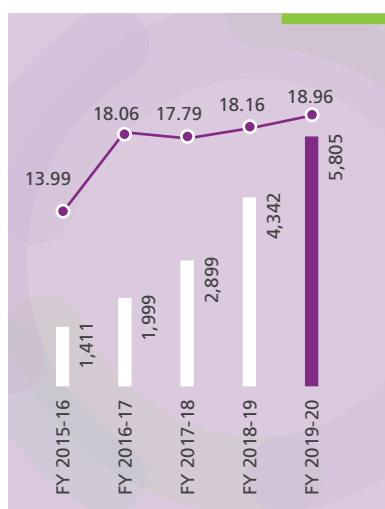
# FINANCIAL PERFORMANCE



## REVENUE FROM OPERATIONS (Rs. in Lakhs)

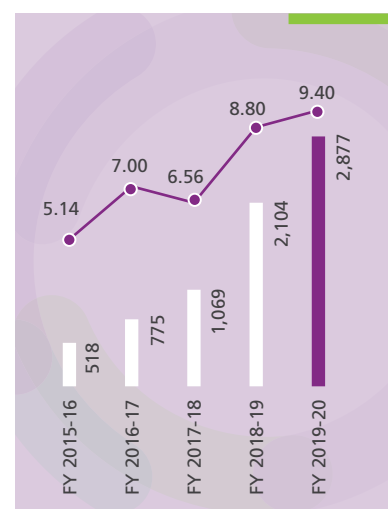


## EBITDA & EBITDA MARGIN



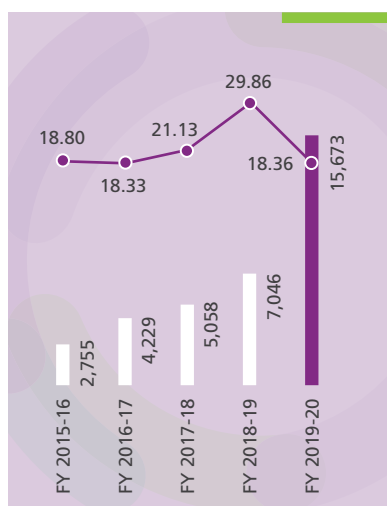
■ EBITDA (Rs. in Lakhs)  
● EBITDA Margin (%)

## PAT & PAT MARGIN



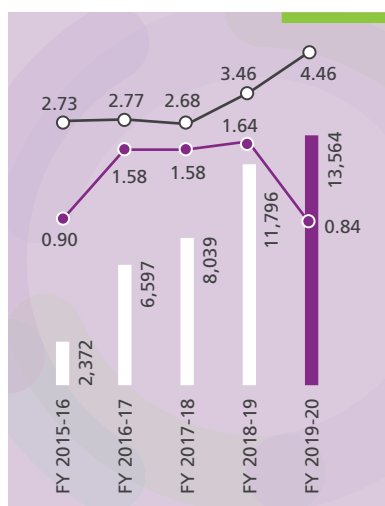
■ PAT (Rs. in Lakhs)  
● PAT Margin (%)

## NET WORTH & ROE



■ Net Worth (Rs. in Lakhs)  
● ROE (%)

## NET DEBT, DEBT/EQUITY RATIO & INTEREST COVERAGE RATIO



■ Net Debt (Rs. in Lakhs)  
● Debt / Equity Ratio (%)  
○ Interest Coverage Ratio (%)

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mr. Haridas Kanani**  
Chairman and Managing Director

**Dr. Harin Kanani**  
Managing Director

**Mr. Sanjay Mehta**  
Independent Director

**Mr. Hitesh Reshamwala**  
Independent Director

**Mr. Shyamsunder Upadhyay**  
Executive Director

**Mr. Anurag Surana**  
Non-Executive and Non-Independent Director

**Prof. Ranjan Kumar Malik**  
Independent Director

**Mrs. Avi Sabavala**  
Independent Director

## KEY MANAGERIAL PERSONNEL

**Mr. Mahesh Tanna**  
Chief Financial Officer (CFO)  
(till July 18, 2020)

**Ms. Unnati Kanani**  
Company Secretary & Compliance Officer  
(w.e.f. November 18, 2019)

## FINANCIAL INSTITUTIONS & BANKERS

State Bank of India  
Citibank N.A.  
HDFC Bank Limited  
DBS Bank India Limited  
Yes Bank Limited

## REGISTERED OFFICE

**Neogen Chemicals Limited**  
Office No. 1002, 10th Floor, Dev Corpora Bldg,  
Opp. Cadbury Co., Pokhran Road No. 2,  
Khopat, Thane - 400 601.

## REGISTRAR AND SHARE TRANSFER AGENT

**Link Intime India Private Limited**  
C-101, 1st Floor, 247 Park, L.B.S. Marg,  
Vikhroli (West), Mumbai - 400 083,  
Maharashtra.

## STATUTORY AUDITORS

**M/S. JMT & ASSOCIATES**  
Chartered Accountants

## SECRETARIAL AUDITORS

**M/S. DVD & ASSOCIATES**  
Company Secretaries

# DIRECTORS' REPORT

To,  
 The Members of  
**Neogen Chemicals Limited**

Your Directors have pleasure in presenting their 31<sup>st</sup> (Thirty First) Annual Report on the business and operations of the Company and the Audited Financial Statements for the Year ended March 31, 2020.

## 1. Financial summary or highlights/Performance of the Company (Standalone & Consolidated)

(Rs. in Lakhs)

| Particulars                       | Standalone      |                 | Consolidated    |                 |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                   | 2019-20         | 2018-19         | 2019-20         | 2018-19         |
| Sales and Other Income            | 30,644.88       | 23,975.78       | 30,633.30       | 23,966.81       |
| Total Expenses                    | 26,523.61       | 21,041.38       | 26,523.62       | 21,041.38       |
| <b>Profit Before Tax</b>          | <b>4,121.27</b> | <b>2,934.40</b> | <b>4,109.68</b> | <b>2,925.43</b> |
| Current Tax                       | 1,148.50        | 750.00          | 1,148.50        | 750.00          |
| Deferred Tax Liability            | 95.53           | 80.74           | 95.53           | 80.74           |
| <b>Profit After Tax</b>           | <b>2,877.24</b> | <b>2,103.67</b> | <b>2,865.65</b> | <b>2,094.69</b> |
| <b>Other Comprehensive Income</b> | <b>(52.59)</b>  | <b>10.20</b>    | <b>(52.59)</b>  | <b>10.20</b>    |
| <b>Total Comprehensive Income</b> | <b>2,824.65</b> | <b>2,113.86</b> | <b>2,813.06</b> | <b>2,104.89</b> |

## 2. Brief description of the Company's working during the year/State of Company's affair

The Company reported a standalone revenue of Rs. 30,644.88 lakhs and consolidated revenue of Rs. 30,633.30 lakhs in FY 2019-20 as compared to Standalone revenue of Rs. 23,975.78 lakhs and consolidated revenue of Rs. 23,966.81 lakhs in the previous year thereby registered growth of 27.82% for standalone and 27.81% for consolidated over the previous year. The standalone and consolidated Profit before Tax (PBT) were Rs. 4,121.27 and Rs. 4,109.68 as compared to Rs. 2,934.40 and Rs. 2,925.43 respectively over the previous year. The standalone and consolidated Profit After Tax (PAT) stood at Rs. 2,877.24 and Rs. 2,865.65 as compared to Rs. 2,103.67 and Rs. 2,094.69 over the previous year.

## 3. Change in the nature of business:

There are no changes in the nature of business or the business line of the Company.

## 4. Dividend:

The Board had recommended a final Dividend of Rs. 1.5 per equity share for the FY 2018-19, which was approved by the shareholders at its Annual General Meeting held on September 20, 2019 amounting

to Rs. 350.02 lakhs and Dividend Distribution Tax of Rs. 71.95 lakhs and the total outflow including Dividend Distribution tax was Rs. 421.97 lakhs.

The Board of Directors of the Company had early redeemed 10,70,000, 9.8%, Fully Redeemable Cumulative Preference Shares of Rs. 100/- each aggregating Rs. 1,070 lakhs on May 4, 2019 at a cost of Rs. 1,195.26 lakhs (including premium amount of Rs. 88.20 lakhs and dividend of Rs. 37.06 lakhs).

For the FY 2019-20 based on performance of the company, the Board of the Company is pleased to recommend a final dividend of Rs. 2.00 (Rupees two) per equity share for the FY 2019-20. If the dividend as recommended by the Board is approved at the 31<sup>st</sup> Annual General Meeting the total outflow towards Dividend on equity share for the year under review would be Rs. 466.69 lakhs.

## 5. Outbreak of COVID-19:

The World Health Organization announced a global health emergency due to a new strain of coronavirus ("COVID-19") and classified this outbreak as a pandemic in March 2020 following which Government of India announced a countrywide lockdown from March 24, 2020.

The COVID-19 outbreak and the lockdown impacted Neogen only marginally. Almost 85% of Neogen's revenue is derived from pharma and agrochemical industries. As such, its operations come under the essential service category. This allowed Neogen to partially continue its operations. After the initial lockdown period of about one month in end March 2020 and early April 2020 required Neogen to temporarily stop/partially stop its manufacturing operation, it resumed the same in phased manner from mid-April 2020. The plants are currently operating with all requisite health and safety precautions at more than 70% capacity utilization compared to normal 80% capacity utilisation. The initial supply chain and logistic issues and scarcity of labour are also getting normalised. Fortunately, there was no significant change in demand from most of the pharma and agro customers (both domestic and international) and hence Neogen could also resume its international shipments. Order inflow remained mostly unaffected without any significant order cancellation and the liquidity flow remained comfortable. The lower sales resulted in build-up of unsold stocks and high inventory and non-receipt of payments in last weeks of financial year resulted in higher receivables from clients at the end of the year. Due to higher inventory the stocks came handy in meeting urgent demands from clients once

the factories recommenced operations and Neogen could also resume its international shipments.

The Company did not avail moratorium allowed by the Reserve bank of India for payment of its debt obligations and continued to service its debt on time. The Company had adequate liquidity in the form of cash and unutilized credit lines for meeting its fund requirements. Project work on the greenfield plant for Organic Chemical production at Dahej SEZ had also resumed and Company would try its best to commission this additional capacity by expediting construction activities.

The future impact of COVID-19 on the operations and financials of the Company, however, remains uncertain and unpredictable due to extraneous circumstances. The Company is continuously monitoring the economic conditions and has outlined certain measures to combat the pandemic so as to minimize its impact on business.

## 6. Reserves

The Board transferred an amount of Rs. 225 lakhs to General Reserves from Capital Redemption Reserve (FRCPS) during the financial year under review.

## 7. Share Capital

| Particulars                                                     | Opening Balance as on April 1, 2019 | Closing Balance as on March 31, 2020 |
|-----------------------------------------------------------------|-------------------------------------|--------------------------------------|
| <b>Equity shares:</b>                                           |                                     |                                      |
| - Number of shares                                              | 2,00,78,793                         | 2,33,34,606                          |
| - Amount in lakhs                                               | 2,007.88                            | 2,333.46                             |
| <b>10% Cumulative Optionally Convertible Preference Shares:</b> |                                     |                                      |
| - Number of shares                                              | -                                   | -                                    |
| - Amount                                                        | -                                   | -                                    |
| <b>9.8 % Fully Redeemable Cumulative Preference Shares:</b>     |                                     |                                      |
| - Number of shares                                              | 10,70,000                           | NIL <sup>#</sup>                     |
| - Amount in lakhs                                               | 1,070                               | NIL <sup>#</sup>                     |

# The Board of Directors of the Company had in its meeting dated May 4, 2019 approved redemption of 10,70,000, 9.8%, Fully Redeemable Cumulative Preference Shares of Rs. 100/- each aggregating Rs. 1,070 lakhs at a cost of Rs. 1,195.26 lakhs (including premium and dividend) out of proceeds of the fresh issue and internal accruals (Rs. 1,150 lakhs paid out of proceeds of fresh issue and Rs. 45.26 lakhs paid through internal accruals).

Further, the Company had successfully made its Initial Public Offer (IPO) of 61,55,813 Equity Shares @ Rs. 215/- (including a share premium of Rs. 205/-) per equity shares of Rs. 10/- each which includes a fresh issue of 32,55,813 Equity Shares of Rs. 10/- each for raising funds for the Company to the tune of Rs. 7,000 Lakhs and Offer for Sale of 29,00,000 Equity Shares of the

Promoter and Promoter Group shareholders having face value of Rs. 10/- each of the Company aggregating to approximately Rs. 6,235 Lakhs. Pursuant to this the Paid up Share Capital of the Company increased from 2,00,78,793 Equity Shares of face value of Rs. 10 each at the beginning of the year to 2,33,34,606 Equity Shares of face value of Rs. 10 each at the end of the



FY 2019-20. The Equity Shares of the Company were listed on BSE Limited and National Stock Exchange of India Limited on May 8, 2019.

### Utilization of IPO Proceeds

The IPO proceeds were utilized as per the objects stated in the prospectus of the Company and there was no deviation/variation in utilization of funds raised through Public Issue and Offer for Sale. Further there was no outstanding/unutilized amount as at March 31, 2020. The Company has submitted the disclosure in respect of the same to both the exchanges where the shares of the Company are listed, namely, BSE Limited and National Stock Exchange of India Limited as required by Regulation 32 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A certificate has been obtained from the Statutory Auditors of the Company confirming the utilization

of the IPO proceeds as per the objects stated in the prospectus of the Company.

#### a. *Buy Back of Securities*

The Company has not bought back any of its securities during the year under review.

#### b. *Sweat Equity*

The Company has not issued any Sweat Equity during the year under review.

#### c. *Bonus Shares*

The Company has not issued any Bonus shares during the year under review.

#### d. *Issue of shares with differential rights*

The Company under the provision of Section 43 read with Rule 4(4) of the Companies (Share Capital and Debentures) Rules, 2014 [Chapter IV] has not issued any shares with Differential Rights.

## 8. Board of Directors and Key Managerial Personnel:

The present directors of the Company are:

| Sr. No | Particular               | Designation                             |
|--------|--------------------------|-----------------------------------------|
| 1.     | Mr. Haridas Kanani       | Chairman and Managing Director          |
| 2.     | Dr. Harin Kanani         | Managing Director                       |
| 3.     | Mr. Sanjay Mehta         | Independent Director                    |
| 4.     | Mr. Hitesh Reshamwala    | Independent Director                    |
| 5.     | Mr. Shyamsunder Upadhyay | Executive Director                      |
| 6.     | Mr. Anurag Surana        | Non-Executive, Non-Independent Director |
| 7.     | Prof. Ranjan Kumar Malik | Independent Director                    |
| 8.     | Mrs. Avi Sabavala        | Independent Woman Director              |

### Re-appointment of Independent Directors:

Pursuant to provisions of Section 149(10) of the Companies Act, 2013, the members of the Company had at its 30<sup>th</sup> Annual General Meeting held on September 20, 2019 approved the re-appointment of the Independent Directors, namely, Mr. Hitesh Reshamwala and Mr. Sanjay Mehta for the second term of five (5) years commencing from October 1, 2019 to September 30, 2024. The detailed performance evaluation of Independent Directors was carried out by the Board before recommending their reappointment to the shareholders.

Also pursuant to the requirements of Reg. 26(3) LODR, all members of the Board of Directors and

senior management personnel have affirmed compliance with the code of conduct for Board of Directors and senior management Personnel.

### Declaration by Independent Directors

The Independent Directors of the Company have separately submitted a declaration confirming that each of them meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013. Further there has been no change in the circumstances which may affect their status as Independent Director during the year under review.

### Retirement by rotation:

As per the provisions of Section 152 of the Companies Act, 2013, not less than two-third of the total number



of Directors, other than Independent Directors shall be liable to retire by rotation. One-third of these Directors are required to retire every year and if eligible, these Directors qualify for reappointment. At the ensuing AGM, Dr. Harin Kanani (DIN: 05136947), Managing Director, retires by rotation and being eligible, offers himself for reappointment.

A detailed profile of Dr. Harin Kanani along with additional information required under Regulation 36(3) of Listing Regulations and Secretarial Standard on General Meetings is provided separately by way of Annexure to the Notice of the AGM.

### Key Managerial Personnel

During the year under review Mr. Lalit Karne, resigned as a Company Secretary and Compliance Officer of the Company with effect from November 14, 2019 and in his place Ms. Unnati Kanani, was appointed as the Company Secretary of the Company with effect from November 18, 2019.

## 9. Particulars of Employees

The information required under Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as "Annex 1" to this report. The Statement containing particulars of employees as required under Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, will be provided upon request. In terms of Section 136 of the Companies Act, 2013, the Annual Report and accounts are being sent to the members and others entitled thereto, excluding the information on employees particulars which is available for inspection by the member on request being sent by email at investor@neogenchem.com during business hours on all working days excluding Sunday and National Holidays up to the 31<sup>st</sup> AGM. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary and the same will be provided once the lockdown is lifted.

## 10. Committees & Meetings:

The Company has duly constituted the following mandatory Committees in terms of the provisions of the Companies Act, 2013 read with relevant rules framed thereunder & SEBI (LODR) Regulations, 2015:

- a) Audit Committee
- b) Stakeholders Relationship Committee

- c) Nomination and Remuneration Committee
- d) Corporate Social Responsibility Committee (CSR Committee)

The composition of all such Committees, brief terms of reference, number of meetings held during the year under review, and other details have been provided in the Corporate Governance Report which forms part of this Annual Report. All the recommendations made by the Committees were accepted by the Board.

### Board Meetings:

The Board of Directors met 6 (Six) times, that is, on April 11, 2019, May 4, 2019, May 25, 2019, August 9, 2019, November 12, 2019, and February 8, 2020 during the financial year under review. The maximum interval between any two meetings did not exceed 120 days, as prescribed by the Companies Act, 2013.

### Audit Committee Meetings:

The Audit Committee met 4 (Four) times during the year, that is, May 25, 2019, August 9, 2019, November 12, 2019, and February 8, 2020.

### Stakeholders Relationship Committee Meetings:

The Stakeholders' Relationship Committee met once during the year on November 12, 2019.

### Nomination and Remuneration Committee Meetings:

The Nomination and Remuneration Committee met twice during the year, that is, on May 25, 2019, and November 12, 2019.

### CSR Committee Meeting:

The CSR committee met once during the year on November 12, 2019.

### Annual Evaluation by the Board:

The Nomination and Remuneration Committee has defined the evaluation criteria for the Board, its Committees and Directors. The functioning of the Board was evaluated by the Nomination and Remuneration Committee of the Company on various aspects, including, degree of fulfilment of key responsibilities, Board Structure, composition, establishment and delegation of responsibilities to various committees, effectiveness of Board processes, information and functioning.

The performance evaluation of the Independent Directors was carried out by the entire Board, excluding Directors being evaluated. Independent Directors were

evaluated based on parameters, such as, qualifications, experience, knowledge and competence.

The performance evaluation of Chairman, Executive and Non-Executive Directors were carried out by the Independent Directors who also reviewed the performance of the Board as a whole in their meeting held on December 21, 2019.

#### **Policy on directors' appointment and remuneration:**

The Nomination and Remuneration Policy of the Company, including the criteria for determining qualifications, positive attributes, independence of a director and other matters, as required under Sub-section (3) of Section 178 of the Companies Act, 2013, is available on the Company's website, at <https://neogenchem.com/company-policy/>. The Company affirms that the remuneration paid to the directors is as per the terms laid out in the Nomination and Remuneration Policy of the Company.

#### **Familiarization Programme for Independent Directors**

Pursuant to provisions of Regulation 25 of the Listing Regulations, the Company has formulated a programme for familiarizing the Independent Directors, their roles, rights, responsibilities under the act and regulations, nature of the industry in which company operates, current business model of the Company, etc., through various initiatives. The details of aforementioned programme are available on the Company's website at [https://neogenchem.com/wp-content/uploads/2020/01/Familiarization-Programme\\_NCL\\_2020.pdf](https://neogenchem.com/wp-content/uploads/2020/01/Familiarization-Programme_NCL_2020.pdf)

#### **Independent Directors meeting:**

Independent Directors met once during the year under review on December 21, 2019.

### **11. Details of Subsidiary/Joint Ventures/ Associate Companies:**

The Company does not have any subsidiary, any associate company or any holding company. The Company has entered into a Joint Venture with M/s. Dhara Fine Chem Industries. Neogen holds 90% of the capital contribution in a partnership firm M/s. Dhara Fine Chem Industries. Dhara Fine Chem Industries is engaged in the business of manufacturing, sale and trading of Organic and Inorganic chemicals and other related activities. Consolidated Financial Statements of the Company have been prepared in accordance with relevant Accounting Standards issued by the Institute of Chartered Accountants of India forming

part of this report. In accordance with Section 136 of the Companies Act, 2013, the Audited Financial Statements, including Consolidated Financial Statements and related information are available on the Company's website at <https://neogenchem.com/annual-reports/>. Pursuant to the first proviso to Section 129(3) of the Act and Rule 5 and Rule 8(1) of the Companies (Accounts) Rules, 2014, the salient features of financial statements, performance and financial position of each subsidiary is given in Form AOC-1 as set out in **Annex 3** to this Report.

### **12. Auditors:**

#### **Statutory Auditors**

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, it is mandatory to rotate the statutory auditors on completion of the maximum term permitted under the provisions of Companies Act, 2013. In line with the requirements of the Companies Act, 2013, JMT & Associates, Chartered Accountants (Firm Registration No. 104167W), was appointed as the statutory auditors of the Company to hold office for a further period of five consecutive years from the conclusion of the 30<sup>th</sup> AGM of the Company held on September 20, 2019 till the conclusion of the 35<sup>th</sup> AGM.

The requirement for the annual ratification of auditors' appointment at the AGM has been omitted pursuant to Companies (Amendment) Act, 2017 notified on May 7, 2018.

M/s. JMT & Associates, have confirmed that the appointment was within the limit specified under Section 141(3) (g) of the Act and they are not disqualified to be reappointed as a Statutory Auditors in terms of provisions of Section 139 and 141 of the Act and the Companies (Audit and Auditors) Rules, 2015. As required under Regulation 33(1) (d) of Listing Regulations, M/s. JMT & Associates, have confirmed that they hold a valid certificate issued by Peer Review Board of the Institute of Chartered Accountants of India.

#### **Statutory Auditors report**

The Statutory Auditors Report for the year under review does not contain any modification opinion, qualifications, reservations or adverse remarks and the observations and comments given in the report of the Statutory Auditors read together with Notes to Accounts are self-explanatory and hence do not call for any further explanation or comments under Section 134 (f) (i) of the Companies Act, 2013.

### Reporting of Frauds:

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and/or Board under Section 143(12) of the Companies Act, 2013 and Rules made thereunder.

### Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014, as amended from time to time, the Company has appointed DVD and Associates, Company Secretaries in Practice, to undertake the Secretarial Audit of the Company for the FY 2020-21. The Secretarial Audit Report for the FY ended March 31, 2020 is annexed herewith as Annex - 2 to this Report. The Secretarial Auditors' Report for the FY ended March 31, 2020 does not contain any qualification, reservation or adverse remark.

### Cost Audit

The Company is required to maintain cost records as per Section 148(1) of the Act and the rules framed thereunder, and accordingly, the Company has made and maintained such cost accounts and records.

Kishore Bhatia & Associates, Cost Accountants, (Firm Registration No. 00294), were appointed as Cost Auditor of the Company for FY 2019-20 as per the provisions of Companies Act, 2013. The Cost Auditors' Report for the FY ended March 31, 2020 does not contain any qualification, reservation or adverse remark.

In terms of Section 148 of the Act read with the rules framed thereunder, the Audit Committee recommended and the Board had in its meeting held on August 8, 2020 appointed Kishore Bhatia & Associates, Cost Accountants, (Firm Registration No. 00294), being eligible to conduct audit of the Cost records of the Company for the FY ending March 31, 2021 at a remuneration of Rs. 2.50 lakhs subject to ratification of remuneration by the shareholders at this ensuing Annual General Meeting as set out in Notice of Annual General Meeting. The Company has received their written consent and confirmation that the appointment will be in accordance with the applicable provisions of the Act and rules framed thereunder.

## 13. Management Discussion and Analysis Report

The Management Discussion and Analysis Report is presented in a separate section forming part of this Annual Report.

## 14. Business Responsibility Report

The Business Responsibility Report as stipulated under Regulation 34(2)(f) of SEBI (LODR) Regulations is presented in a separate section forming part of the Annual Report.

## 15. Risk management policy

Risks are an integral part of a business operation. Neogen has developed and implemented a robust Risk Management Policy that monitors, identifies and suggest risk mitigation measures. The Company has developed and implemented the Risk Assessment and Management Policy and the same is reviewed periodically by the Board of Directors. Salient features of the policy are:

- Neogen Chemicals Limited is committed to the identification and comprehensive management of risk
- Risk management allows Neogen to prevent losses and capitalize on opportunities
- Understanding risk and Neogen's appetite for risk will be key considerations in Neogen's decision making
- Neogen aims to achieve a risk management culture through a series of risk management principles and policies

## 16. Vigil Mechanism/Whistle-Blower Policy:

The Company has adopted a 'Whistle-Blower Policy' for its Directors and Employees to report genuine concerns and to provide adequate safeguards against victimization of persons who may use such mechanism.

The functioning process of this mechanism has been elaborated in the Corporate Governance Report forming a part of this Annual Report. The said policy is also hosted on the Company's website at <https://neogenchem.com/company-policy/>

### Nomination and Remuneration Policy:

The Board of Directors, on the recommendation of Nomination and Remuneration Committee, framed Nomination and Remuneration policy, a policy for appointment and remuneration of Directors, key managerial personnel and senior management officials including the criteria for determining qualifications, positive attributes, independence of a director and other matters as

per the requirements of the Companies Act, 2013 read with relevant rules made thereunder and SEBI (LODR) requirements, 2015 and to develop and recommend the Board a set of Corporate Governance Guidelines. The Policy is available on the Company's website at <https://neogenchem.com/company-policy/>. The Company affirms that the remuneration paid to the directors is as per the terms laid out in the Nomination and Remuneration Policy of the Company.

The current policy is to have an appropriate mix of executive, non-executive and independent directors to maintain the independence of the Board and separate its functions of governance and management. As of March 31, 2020, the Board had eight members, three of whom are executive directors, one is a non-executive and non-independent member and four are independent directors including one independent woman director.

#### **17. Extract of annual return:**

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in **MGT 9** as a part of this Annual Report as **ANNEX 4**.

#### **18. Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report**

No material changes and commitments, have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report which may affect the financial position of the Company.

#### **19. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future**

During the year under review there has been no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

#### **20. Details in respect of adequacy of internal financial controls with reference to the Financial Statements**

The internal financial controls with reference to the Financial Statements are commensurate with the size and nature of business of the Company. This internal financial control system at companies head office and all its plants are being checked by the Internal Auditors on a quarterly basis and is certified by the Statutory Auditors in its report. The Internal Auditor reports directly to the Audit Committee. The adequacy, effectiveness and implementation of the internal financial control system is also monitored by the Audit Committee on a quarterly basis and the recommendations, if any by the committee is placed before the Board of Directors of the Company for their review and comments and the recommendation from the Board are duly implemented in a timely manner. The system helps in improving operational and financial efficiency of the Company, safeguarding of assets and prevention and detection of frauds, if any and ensuring compliance with the policies of the Company.

#### **21. Deposits**

The Company has not accepted any deposit as per the provisions of Section 73/76 of Companies Act, 2013 read with the Companies (Acceptance of Deposit Rules), 2014.

#### **22. Particulars of loans, guarantees or investments under section 186**

The Company has not given any loan, has not provided any guarantee or security for any loan nor has made any investments during the FY and therefore the provisions of Section 186 of Companies Act, 2013 are not applicable to the Company.

The Company has granted loan to and holds investment in its Joint Venture firm M/s Dhara Fine Chem Industries (Partnership firm in which the Company holds 90% share). The said loans/ investments made to/in Joint Venture being exempted in terms of first provisions to section 186 (3) of the Act, the provisions of section 186 to that extent is not applicable to the Company. Particulars of loan given to and investment made by the Company is provided in the Financial Statements which may be read in conjunction with this report.

### 23. Particulars of contracts or arrangements with related parties:

The Board of Directors has adopted a policy on Related Party Transactions. The said policy is available on the Company's website <https://neogenchem.com/company-policy/>.

The objective of the policy is to ensure proper approval, disclosure and reporting of transactions that are or may be executed by and between the Company and any of its related parties. The Related Party Transactions are as mentioned in Notes to Accounts. All the transactions/contracts/arrangements, falling within the purview of provisions of section 188 of the Act, entered by the Company with related parties during the year under review are in ordinary course of business and an arm's length has been maintained in the transaction. The Company has not entered into any new material contract or arrangement with related parties during the year under review. Therefore, there is no requirement to report any transaction in form AOC-2 in terms of Section 188 and 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rule, 2014.

### 24. Obligation of the Company under the sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has set up an Internal Complaints Committee to look into the complaints relating to sexual harassment of its women employees at work place and implementation of the said policy. The Company has also adopted a policy for prevention of Sexual Harassment of Women at workplace pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review the Company has not received any complaint of harassment.

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

The disclosure of particulars with respect to Conservation of Energy, Technology Absorption, and Foreign Exchange Earnings and Outgo as required under Sub-section (3)(m) of Section 134 of the Companies Act, 2013 read with Rule 8 (3) Companies (Accounts) Rules, 2014 is enclosed herewith as "Annex 5" to this Board's Report.

### 26. Corporate Social Responsibility (CSR)

In accordance with the requirements of the provisions of Section 135 of the Companies Act, 2013, the Company has constituted CSR Committee. The Company has also formulated a CSR Policy which is available on Company's website at <https://neogenchem.com/company-policy/>.

In compliance with the provisions of Section 135 of the Companies Act, 2013, the Companies (Corporate Social Responsibility) Rules, 2014 and various notifications/circulars issued by the Ministry of Corporate Affairs, the Company has contributed an amount of Rs. 39.37 lakhs to various organisations/trusts engaged in activities specified in Schedule VII of the Companies Act, 2013. The salient features of the CSR policy along with the Report on CSR activities are given in Annex - 6 to this Directors' Report.

### 27. Directors' Responsibility Statement

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state that—

- a) Applicable accounting standards have been followed along with proper explanation relating to material departures, if any, in preparation of the annual accounts;
- 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 the Company at the end of the financial year March 31, 2020 and of the profit of the Company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the annual accounts on a going concern basis;
- e) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and



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

## 28. Transfer of Amounts to Investor Education and Protection Fund

The Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore, there were no funds or shares which were required to be transferred to Investor Education and Protection Fund (IEPF) during the year under review.

## 29. Credit Rating

As on March 31, 2020, the Company had a short term credit rating of CRISIL A2 and a long term rating of CRISIL BBB+/Positive by CRISIL. The Credit Rating Letter is available at the website of the Company at <https://neogenchem.com/announcement-others-financial-year-2019-20-quarter-3/>

During the year under review, the outlook of CRISIL in respect of a long term rating was revised from "Stable" to "Positive", which was duly intimated to both the exchanges where the shares of the Company are listed, namely, BSE Limited and National Stock Exchange of India Limited and also uploaded at the website of the Company at <https://neogenchem.com/announcement-others-financial-year-2019-20-quarter-3/>

## 30. Corporate Governance Certificate and Secretarial Compliance Certificate:

In compliance with Regulation 34 read with Schedule V(C) of Listing Regulations, a report on Corporate Governance and the certificate required under Schedule V(E) of Listing Regulations from our Auditors, forms part of this Annual Report. An Annual Compliance Certificate from DVD and Associates, practicing company secretary is attached to this report as **Annex 7**.

## 31. Compliance of Secretarial Standard of ICSI

In terms of Section 118(10) of the Companies Act, 2013, the Company is complying with the Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) and approved by the Central Government with respect to Meetings of Board of Directors and General Meetings.

## 32. Listing Agreement

In compliance with SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015, the Company has executed a Uniform Listing Agreement with BSE Limited and National Stock Exchange of India Limited, where the Shares of the Company got listed on May 8, 2019. The Company has paid Annual Listing Fees to both the Stock Exchanges for FY ending on March 31, 2021.

## 33. Prohibition of Insider Trading

In compliance with SEBI (Prohibition of Insider Trading) Regulation 2015, the Company has adopted a 'Code of Conduct for Prevention of Insider Trading' in the organization. The said Code is available on the Company's website at <https://neogenchem.com/company-policy/>

The 'Trading Window' remains closed from the end of every quarter till 48 hours after the declaration of financial results and the same will be closed when Compliance Officer determines that Designated Persons can reasonably be expected to have possession of Unpublished Price Sensitive Information. The Company Secretary of the Company has been designated as the Compliance Officer to administer the Code of Conduct and other requirements under SEBI (Prohibition of Insider Trading) Regulations, 2015.

## 34. Acknowledgements

The Directors express their appreciation for the sincere co-operation and assistance of Central and State Government authorities, bankers, customers, suppliers and business associates. The Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's employees. The Directors acknowledge with gratitude, the encouragement and support extended by the Company's valued stakeholders.

For and on behalf of the Board of Directors  
 Neogen Chemicals Limited

**Mr. Haridas Kanani**

Place: Thane  
 Date: August 8, 2020

Chairman and Managing Director  
 DIN: 00185487

## ANNEXURE - 1

Pursuant to the provisions of Section 197 (12) of the Companies Act, 2013 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Median Remuneration of the employees of the company for the financial year is Rs. 3.98 lakhs

- I) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year ending March 31, 2020:

| Sr. No. | Name of the Director     | Ratio of remuneration to the median remuneration of the employees |
|---------|--------------------------|-------------------------------------------------------------------|
| 1       | Mr. Haridas Kanani       | 13.09                                                             |
| 2       | Dr. Harin Kanani         | 11.79                                                             |
| 3       | Mr. Sanjay Mehta         | 0.49                                                              |
| 4       | Mr. Hitesh Reshamwala    | 0.63                                                              |
| 5       | Mr. Shyamsunder Upadhyay | 11.72                                                             |
| 6       | Mr. Anurag Surana        | Not Applicable                                                    |
| 7       | Prof. Ranjan Kumar Malik | 0.36                                                              |
| 8       | Mrs. Avi Sabavala        | 0.39                                                              |

- II) The % increase in remuneration of each Director, CFO, CS or Manager if any for the financial year ending March 31, 2020:

| Sr. No. | Name of the Director, CFO, CS or Manager | % Increase over last FY |
|---------|------------------------------------------|-------------------------|
| 1       | Mr. Haridas Kanani                       | 13.75                   |
| 2       | Dr. Harin Kanani                         | 13.89                   |
| 3       | Mr. Sanjay Mehta                         | Not Applicable          |
| 4       | Mr. Hitesh Reshamwala                    | Not Applicable          |
| 5       | Mr. Shyamsunder Upadhyay                 | 18.09                   |
| 6       | Mr. Anurag Surana                        | Not Applicable          |
| 7       | Prof. Ranjan Kumar Malik                 | Not Applicable          |
| 8       | Mrs. Avi Sabavala                        | Not Applicable          |
| 9       | Mr. Mahesh Tanna                         | 12.50                   |
| 10      | Ms. Unnati Kanani                        | Not Applicable          |

- III) The % increase in the median remuneration of employees in the financial year ending March 31, 2020: 6.81%
- IV) The number of permanent employees on the rolls of the Company as on March 31, 2020: 247
- V) The average remuneration is commensurate with the size and performance of the Company.
- VI) Comparison of the remuneration of the KMP against the performance of the Company:-  
- It is commensurate with the turnover and profits of the Company and performance of the individual.
- VII) The average % increase in the salaries of employees excluding Key Managerial Personnel was 16.40% over the previous year and the average % increase in Managerial Remuneration (including proportionate salary of Mr. Mahesh Tanna, CFO and Mr. Lalit Karne, Company Secretary) was 15.18%. The average increase in the salary of Ms. Unnati Kanani, Company Secretary, was not applicable since she was appointed during the FY 2019-20. The increase in KMP remuneration was based on the recommendations of the Nomination & Remuneration Committee, to revise the remuneration as per Industry Benchmark.



VIII) Comparison of each remuneration of KMP against the performance of the Company.

It is commensurate with the turnover and profits of the Company and performance of the individual.

IX) It is affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees.

Dr. Harin Kanani, Managing Director is a son of Mr. Haridas Kanani, Chairman and Managing Director of the Company. None of the other Directors/ Employees are related to each other or a relative of any director / Managing Director/ Manager of the Company.

For and on behalf of the Board of Directors  
Neogen Chemicals Limited

Place: Thane  
Date: August 8, 2020

**Mr. Haridas Kanani**  
Chairman and Managing Director  
DIN: 00185487

## ANNEXURE - 2

FORM NO. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[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

**NEOGEN CHEMICALS LIMITED**

Office No, 1002 10<sup>th</sup> Floor Dev Corpora  
Bldg. Opp. Cadbury Co Pokhran Road No. 2  
Khopat, Thane 400601

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Neogen Chemicals Limited** (hereinafter called "the Company")

Secretarial Audit was conducted for the financial year from April 01, 2019 to March 31, 2020, in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances of the Company and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 ("Audit Period"), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and legal compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

The Equity shares of the Company were listed on BSE Limited and National Stock Exchange of India Limited on May 8, 2019, by way of an Initial Public offer and Offer for Sale to public. The following Acts were applicable differently for the period from April 01, 2019 till May 7, 2019 as well as May 8, 2019 to March 31, 2020. We 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, 2020 according to the provisions of the following list of laws and regulations:

- (i) The Companies Act, 2013 (the Act) as amended from time to time and to the extent applicable 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; further the 100% of the shares were in dematerialized form and the Company has complied with the provisions of The Depositories Act, 1996 and the Regulations and Bye-laws there under
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investments, Overseas Direct Investment and External Commercial Borrowings to the extent applicable;
- (v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- These provisions became applicable to the Company since May 8, 2019, when the Equity shares of the Company got listed on the BSE Limited and National Stock Exchange of India Limited.
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;.

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **[Not applicable to the Company during the Audit Period]**
- (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **[Not applicable to the Company during the Audit Period]**
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **[Not applicable to the Company during the Audit Period]**
- (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 (Buyback of Securities) Regulations, 1998; **[Not applicable to the Company during the Audit Period]**
- (i) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **[Not applicable to the Company during the Audit Period]**
- (vi) Other applicable laws:  
There are no laws which are specifically applicable to the Company on the basis of the Industry.
- (vii) The Company has a Compliance Management System installed and based on the review of compliance mechanism and representations made by the Company and its Officers and reports of Internal auditors and Compliance Certificates issued by Company Secretary and Senior Managerial Personnel's of the Company which is placed before the Board on a quarterly basis, we are of the opinion that the System is running effectively and efficiently for the Compliances of General Laws as specified by the directives issued by the Institute of Company Secretaries of India. We 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.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above which are applicable.

We further report that:-

The Company had successfully made its Initial Public Offer (IPO) of 61,55,813 Equity Shares @ Rs. 215/- (including a share premium of Rs. 205/-) per equity shares of Rs. 10/- each which includes a fresh issue of 32,55,813 Equity Shares of Rs. 10/- each for raising funds for the Company to the tune of Rs. 7,000 Lakhs and offer for sale by the selling shareholders of 29,00,000 Equity Shares of face value of Rs. 10/- each of the Company, aggregating to approx. Rs.6235 Lakhs.

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda are 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. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

For DVD & Associates  
Company Secretaries

**Mr. Devendra Deshpande**  
Proprietor

Place: Pune  
Date: August 08, 2020

FCS No. 6099 CP No. 6515  
UDIN: F006099B000584787

Note: This report is to be read with our letter of even date which is annexed as 'ANNEX A' and forms an integral part of this report.

## ANNEXURE - A

To,  
The Members

**NEOGEN CHEMICALS LIMITED**

Office No, 1002 10<sup>th</sup> Floor Dev Corpora  
Bldg. Opp. Cadbury Co Pokhran Road No. 2  
Khopat, Thane 400601

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and 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. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For DVD & Associates  
Company Secretaries

Place: Pune  
Date: August 08, 2020

**Mr. Devendra Deshpande**  
FCS No. 6099 CP No. 6515  
UDIN: F006099B000584787

# ANNEXURE - 3

## AOC- 1

Statement containing salient features of the financial statement of Subsidiaries/associate companies/ joint ventures (Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

### PART "A": SUBSIDIARIES

The Company does not have any subsidiary Company and hence Part A is not applicable to the Company.

### PART "B": ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

| Name of Joint Ventures                                                       | Dhara Fine Chem Industries                                                                                                   |
|------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| 1. Latest audited Balance Sheet Date                                         | March 31, 2020                                                                                                               |
| 2. Shares of Joint Ventures held by the company on the year end              |                                                                                                                              |
| No.                                                                          | Not Applicable                                                                                                               |
| Amount of Investment in Associates/Joint Venture                             | 45 lakhs                                                                                                                     |
| Extend of Holding %                                                          | 90%                                                                                                                          |
| 3. Description of how there is significant influence                         | Company owns 90 % share in Dhara Fine Chem Industries                                                                        |
| 4. Reason why the joint venture is not consolidated                          | Not applicable. The financial Statements of Joint venture are consolidated under Equity Method of accounting of Investments. |
| 5. Networth attributable to Shareholding as per latest audited Balance Sheet | 63.45 lakhs                                                                                                                  |
| 6. Profit / Loss for the year                                                | 13.01 lakhs                                                                                                                  |
| i. Considered in Consolidation                                               | 11.71 lakhs                                                                                                                  |
| ii. Not Considered in Consolidation                                          | 1.30 lakhs (attributable to other partner)                                                                                   |

- |                                                                                              |                       |
|----------------------------------------------------------------------------------------------|-----------------------|
| 1. Names of associates or joint ventures which are yet to commence operations:               | <b>Not applicable</b> |
| 2. Names of associates or joint ventures which have been liquidated or sold during the year: | <b>Not applicable</b> |

For JMT & Associates  
 Chartered Accountants  
 Firm Registration No. : 104167W

For & behalf of the Board of Directors

**Mr. Sanjay Pichholia**  
 Partner  
 Membership No. : 122651

**Mr. Haridas Kanani**  
 Chairman & Managing Director  
 DIN : 00185487

**Dr. Harin Kanani**  
 Managing Director  
 DIN : 05136947

Place: Thane  
 Date: May 23, 2020

**Mr. Mahesh Tanna**  
 Chief Financial Officer

**Ms. Unnati Kanani**  
 Company Secretary  
 Membership No. : A35131

## ANNEXURE - 4

### FORM NO. MGT - 9 EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2020

[Pursuant to Section 92 (3) of Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

|                                                                                    |                                                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. CIN                                                                             | L24200MH1989PLC050919                                                                                                                                                                                                                                           |
| 2. Registration Date                                                               | March 07, 1989                                                                                                                                                                                                                                                  |
| 3. Name of the Company                                                             | NEOGEN CHEMICALS LIMITED                                                                                                                                                                                                                                        |
| 4. Category / Sub-Category of the Company                                          | Company Limited By Shares/ Indian Non-Government Company                                                                                                                                                                                                        |
| 5. Address of the Registered office & contact Details                              | Office No: 1002, 10 <sup>th</sup> Floor, Dev Corpora Bldg., Opp. Cadbury Co, Pokhran Road No.2, Khopat Thane 400601<br>Phone: 91- 22 2549 7300<br>Website: www.neogenchem.com<br>Email: investor@neogenchem.com                                                 |
| 6. Whether listed Company (Yes/No):-                                               | Yes                                                                                                                                                                                                                                                             |
| 7. Name, Address and Contact details of Registrar and Share Transfer Agent, if any | Link Intime India Private Limited<br>C-101, 1 <sup>st</sup> Floor, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai, Maharashtra, 400083<br>Phone: 91- 22 49186000; Fax: +91 22 49186060<br>Website: www.linkintime.co.in<br>Email: rnt.helpdesk@linkintime.co.in |

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| Sr. No. | Name and Description of Main Product/Services | NIC Code of the Product | % to total turnover of the company |
|---------|-----------------------------------------------|-------------------------|------------------------------------|
| 1       | Organic Chemicals                             | 20119                   | 81.37                              |
| 2       | Inorganic Chemicals                           | 20119                   | 18.63                              |

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

The Company does not have any holding, subsidiary and associate Company of its own.

| Sr. No.        | Name and address of the company | CIN/GLN | Holding/Subsidiary/ Associate | % of shares held | Applicable Section |
|----------------|---------------------------------|---------|-------------------------------|------------------|--------------------|
| Not Applicable |                                 |         |                               |                  |                    |

#### IV. SHAREHOLDING PATTERN : (Equity share capital breakup as % of total equity)

##### a) Category-wise Share Holding:

| Sr. No. | Category of Shareholders                                                      | Shareholding at the beginning of the year - 2019 |          |                 |                   | Shareholding at the end of the year - 2020 |          |                 |                   | % Change during the year |
|---------|-------------------------------------------------------------------------------|--------------------------------------------------|----------|-----------------|-------------------|--------------------------------------------|----------|-----------------|-------------------|--------------------------|
|         |                                                                               | Demat                                            | Physical | Total           | % of Total Shares | Demat                                      | Physical | Total           | % of Total Shares |                          |
| (A)     | <b>Shareholding of Promoter and Promoter Group</b>                            |                                                  |          |                 |                   |                                            |          |                 |                   |                          |
| [1]     | <b>Indian</b>                                                                 |                                                  |          |                 |                   |                                            |          |                 |                   |                          |
| (a)     | Individuals / Hindu Undivided Family                                          | 18233453                                         | -        | 18233453        | 90.81             | 15335728                                   | -        | 15335728        | 65.72             | -25.09                   |
| (b)     | Central Government / State Government(s)                                      | -                                                | -        | -               | -                 | -                                          | -        | -               | -                 | -                        |
| (c)     | Financial Institutions / Banks                                                | -                                                | -        | -               | -                 | -                                          | -        | -               | -                 | -                        |
| (d)     | Any Other (Specify)                                                           | -                                                | -        | -               | -                 | -                                          | -        | -               | -                 | -                        |
|         | <b>Sub Total (A)(1)</b>                                                       | <b>18233453</b>                                  | <b>-</b> | <b>18233453</b> | <b>90.81</b>      | <b>15335728</b>                            | <b>-</b> | <b>15335728</b> | <b>65.72</b>      | <b>-25.09</b>            |
| [2]     | <b>Foreign</b>                                                                |                                                  |          |                 |                   |                                            |          |                 |                   |                          |
| (a)     | Individuals (Non-Resident Individuals / Foreign Individuals)                  | 1000000                                          | -        | 1000000         | 4.98              | 1000000                                    | -        | 1000000         | 4.29              | -0.69                    |
| (b)     | Government                                                                    | -                                                | -        | -               | -                 | -                                          | -        | -               | -                 | -                        |
| (c)     | Institutions                                                                  | -                                                | -        | -               | -                 | -                                          | -        | -               | -                 | -                        |
| (d)     | Foreign Portfolio Investor                                                    | -                                                | -        | -               | -                 | -                                          | -        | -               | -                 | -                        |
| (e)     | Any Other (Specify)                                                           | -                                                | -        | -               | -                 | -                                          | -        | -               | -                 | -                        |
|         | <b>Sub Total (A)(2)</b>                                                       | <b>1000000</b>                                   | <b>-</b> | <b>1000000</b>  | <b>4.98</b>       | <b>1000000</b>                             | <b>-</b> | <b>1000000</b>  | <b>4.29</b>       | <b>-0.69</b>             |
|         | <b>Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)</b>     | <b>19233453</b>                                  | <b>-</b> | <b>19233453</b> | <b>95.79</b>      | <b>16335728</b>                            | <b>-</b> | <b>16335728</b> | <b>70.01</b>      | <b>-25.78</b>            |
| (B)     | <b>Public Shareholding</b>                                                    |                                                  |          |                 |                   |                                            |          |                 |                   |                          |
| [1]     | <b>Institutions</b>                                                           |                                                  |          |                 |                   |                                            |          |                 |                   |                          |
| (a)     | Mutual Funds / UTI                                                            | -                                                | -        | -               | -                 | 3964489                                    | -        | 3964489         | 16.99             | 16.99                    |
| (b)     | Venture Capital Funds                                                         | -                                                | -        | -               | -                 | -                                          | -        | -               | -                 | -                        |
| (c)     | Alternate Investment Funds                                                    | -                                                | -        | -               | -                 | 31877                                      | -        | 31877           | 0.14              | 0.14                     |
| (d)     | Foreign Venture Capital Investors                                             | -                                                | -        | -               | -                 | -                                          | -        | -               | -                 | -                        |
| (e)     | Foreign Portfolio Investor                                                    | -                                                | -        | -               | -                 | 128741                                     | -        | 128741          | 0.55              | 0.55                     |
| (f)     | Financial Institutions / Banks                                                | -                                                | -        | -               | -                 | 25                                         | -        | 25              | -                 | -                        |
| (g)     | Insurance Companies                                                           | -                                                | -        | -               | -                 | -                                          | -        | -               | -                 | -                        |
| (h)     | Provident Funds/ Pension Funds                                                | -                                                | -        | -               | -                 | -                                          | -        | -               | -                 | -                        |
| (i)     | Any Other (Indian Company)                                                    | 307561                                           | -        | 307561          | 1.53              | -                                          | -        | -               | -                 | -1.53                    |
|         | <b>Sub Total (B)(1)</b>                                                       | <b>307561</b>                                    | <b>-</b> | <b>307561</b>   | <b>1.53</b>       | <b>4125132</b>                             | <b>-</b> | <b>4125132</b>  | <b>17.68</b>      | <b>16.15</b>             |
| [2]     | <b>Central Government/ State Government(s)/ President of India</b>            | -                                                | -        | -               | -                 | -                                          | -        | -               | -                 | -                        |
|         | <b>Sub Total (B)(2)</b>                                                       | <b>-</b>                                         | <b>-</b> | <b>-</b>        | <b>-</b>          | <b>-</b>                                   | <b>-</b> | <b>-</b>        | <b>-</b>          | <b>-</b>                 |
| [3]     | <b>Non-Institutions</b>                                                       |                                                  |          |                 |                   |                                            |          |                 |                   |                          |
| (a)     | <b>Individuals</b>                                                            |                                                  |          |                 |                   |                                            |          |                 |                   |                          |
| (i)     | Individual shareholders holding nominal share capital upto Rs. 1 lakh.        | 150535                                           | -        | 150535          | 0.75              | 1584323                                    | -        | 1584323         | 6.79              | 6.04                     |
| (ii)    | Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 387244                                           | -        | 387244          | 1.93              | 694143                                     | -        | 694143          | 2.97              | 1.05                     |
| (b)     | NBFCs registered with RBI                                                     | -                                                | -        | -               | -                 | -                                          | -        | -               | -                 | -                        |



| Sr. No. | Category of Shareholders                                                             | Shareholding at the beginning of the year - 2019 |          |                 |                   | Shareholding at the end of the year - 2020 |          |                 |                   | % Change during the year |
|---------|--------------------------------------------------------------------------------------|--------------------------------------------------|----------|-----------------|-------------------|--------------------------------------------|----------|-----------------|-------------------|--------------------------|
|         |                                                                                      | Demat                                            | Physical | Total           | % of Total Shares | Demat                                      | Physical | Total           | % of Total Shares |                          |
| (d)     | Overseas Depositories(holding DRs) (balancing figure)                                | -                                                | -        | -               | -                 | -                                          | -        | -               | -                 | -                        |
| (e)     | Any Other (Specify)                                                                  | -                                                | -        | -               | -                 | -                                          | -        | -               | -                 | -                        |
|         | Hindu Undivided Family                                                               | -                                                | -        | -               | -                 | 75213                                      | -        | 75213           | 0.32              | 0.32                     |
|         | Non Resident Indians (Non Repat)                                                     | -                                                | -        | -               | -                 | 15195                                      | -        | 15195           | 0.07              | 0.07                     |
|         | Non Resident Indians (Repat)                                                         | -                                                | -        | -               | -                 | 52672                                      | -        | 52672           | 0.23              | 0.23                     |
|         | Clearing Member                                                                      | -                                                | -        | -               | -                 | 13746                                      | -        | 13746           | 0.06              | 0.06                     |
|         | Bodies Corporate                                                                     | -                                                | -        | -               | -                 | 438454                                     | -        | 438454          | 1.88              | 1.88                     |
|         | <b>Sub Total (B)(3)</b>                                                              | <b>537779</b>                                    | <b>-</b> | <b>537779</b>   | <b>2.68</b>       | <b>2873746</b>                             | <b>-</b> | <b>2873746</b>  | <b>12.32</b>      | <b>9.64</b>              |
|         | <b>Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)</b>                             | <b>845340</b>                                    | <b>-</b> | <b>845340</b>   | <b>4.21</b>       | <b>6998878</b>                             | <b>-</b> | <b>6998878</b>  | <b>29.99</b>      | <b>25.78</b>             |
|         | <b>Total (A)+(B)</b>                                                                 | <b>20078793</b>                                  | <b>-</b> | <b>20078793</b> | <b>100.00</b>     | <b>23334606</b>                            | <b>-</b> | <b>23334606</b> | <b>100.00</b>     | <b>-</b>                 |
| (C)     | <b>Non Promoter - Non Public</b>                                                     | -                                                | -        | -               | -                 | -                                          | -        | -               | -                 | -                        |
|         | (C1) Shares Underlying DRs                                                           | -                                                | -        | -               | -                 | -                                          | -        | -               | -                 | -                        |
| [1]     | Custodian/DR Holder                                                                  | -                                                | -        | -               | -                 | -                                          | -        | -               | -                 | -                        |
|         | (C2) Shares Held By Employee Trust                                                   | -                                                | -        | -               | -                 | -                                          | -        | -               | -                 | -                        |
| [2]     | Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014) | -                                                | -        | -               | -                 | -                                          | -        | -               | -                 | -                        |
|         | <b>Total (A)+(B)+(C)</b>                                                             | <b>20078793</b>                                  | <b>-</b> | <b>20078793</b> | <b>100.00</b>     | <b>23334606</b>                            | <b>-</b> | <b>23334606</b> | <b>100.00</b>     | <b>-</b>                 |

**b) Shareholding of Promoters & Promoter Group:**

| Sr. No. | Shareholder's Name                             | Shareholding at the beginning of the year |                                  |                                                  | Shareholding at the end of the year |                                  |                                                  | % change in shareholding during the year |
|---------|------------------------------------------------|-------------------------------------------|----------------------------------|--------------------------------------------------|-------------------------------------|----------------------------------|--------------------------------------------------|------------------------------------------|
|         |                                                | No. of Shares                             | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares                       | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |                                          |
| 1       | Mr. Haridas Kanani                             | 13999680                                  | 69.72                            | -                                                | 12300080                            | 52.71                            | -                                                | (17.01)                                  |
| 2       | Mrs. Beena Kanani                              | 2226711                                   | 11.09                            | -                                                | 1026311                             | 4.40                             | -                                                | (6.69)                                   |
| 3       | Dr. Harin Kanani                               | 2000000                                   | 9.96                             | -                                                | 2000000                             | 8.57                             | -                                                | (1.39)                                   |
| 4       | Mrs. Pallika Kanani                            | 1000000                                   | 4.98                             | -                                                | 1000000                             | 4.29                             | -                                                | (0.69)                                   |
| 5       | Mrs. Harshida Malia                            | 2000                                      | 0.01                             | -                                                | 2000                                | 0.01                             | -                                                | -                                        |
| 6       | Mr. Amritlal Kanani & Umema Kanani             | 1000                                      | -                                | -                                                | 1000                                | -                                | -                                                | -                                        |
| 7       | Mr. Rashmikant Gandhi & Mrs. Shashikala Gandhi | 1000                                      | -                                | -                                                | 1000                                | -                                | -                                                | -                                        |
| 8       | Mrs. Charulata Reshamwala                      | 1062                                      | 0.01                             | -                                                | 1062                                | -                                | -                                                | -                                        |
| 9       | Mr. Arun Gandhi                                | 1000                                      | -                                | -                                                | 1000                                | -                                | -                                                | (0.01)                                   |
| 10      | Mrs. Asha Dalal                                | 1000                                      | -                                | -                                                | 1180                                | 0.01                             | -                                                | 0.01                                     |
| 11      | Mr. Pratik Kishor Malia                        | -                                         | -                                | -                                                | 2095                                | 0.01                             | -                                                | 0.01                                     |

**c) Change in Promoter and Promoter Group shareholding (please specify, if there is no change):**

| Sr. No.   | Particulars                                                                             | Shareholding at the beginning of the year |                                   |                                  | Cumulative Shareholding during the year |                                  |
|-----------|-----------------------------------------------------------------------------------------|-------------------------------------------|-----------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|           |                                                                                         | No. of shares                             | Reason                            | % of total shares of the company | No. of shares                           | % of total shares of the company |
| <b>1.</b> | <b>Mr. Haridas Kanani</b>                                                               |                                           |                                   |                                  |                                         |                                  |
|           | At the beginning of the year                                                            | 13999680                                  | -                                 | 69.72                            | 13999680                                | 69.72                            |
|           | Date wise Decrease in Promoters Shareholding during the year due to Offer for sale      | (1699600)<br>(May 04, 2019)               | Transfer by way of Offer for Sale |                                  | (1699600)                               | 52.71                            |
|           | At the end of the year                                                                  | 12300080                                  | -                                 | 52.71                            | 12300080                                | 52.71                            |
| <b>2.</b> | <b>Dr. Harin Kanani</b>                                                                 |                                           |                                   |                                  |                                         |                                  |
|           | At the beginning of the year                                                            | 2000000                                   | -                                 | 9.96                             | 2000000                                 | 9.96                             |
|           | Date wise Increase / Decrease in Promoters Shareholding                                 | -                                         | -                                 | -                                | -                                       | -                                |
|           | At the end of the year                                                                  | 2000000                                   | -                                 | 8.57                             | 2000000                                 | 8.57                             |
| <b>3.</b> | <b>Mrs. Beena Kanani</b>                                                                |                                           |                                   |                                  |                                         |                                  |
|           | At the beginning of the year                                                            | 2226711                                   | -                                 | 11.09                            | 2226711                                 | 11.09                            |
|           | Date wise Decrease in Promoter group Shareholding during the year due to Offer for sale | (1200400)<br>(May 04, 2019)               | Transfer by way of offer for Sale |                                  | (1200400)                               | 4.40                             |
|           | At the end of the year                                                                  | 1026311                                   | -                                 | 4.40                             | 1026311                                 | 4.40                             |
| <b>4.</b> | <b>Mrs. Pallika Kanani</b>                                                              |                                           |                                   |                                  |                                         |                                  |
|           | At the beginning of the year                                                            | 1000000                                   | -                                 | 4.98                             | 1000000                                 | 4.98                             |
|           | Date wise Increase / Decrease in Promoter Group Shareholding                            | -                                         | -                                 | -                                | -                                       | -                                |
|           | At the end of the year                                                                  | 1000000                                   | -                                 | 4.29                             | 1000000                                 | 4.29                             |
| <b>5.</b> | <b>Ms. Asha Dalal</b>                                                                   |                                           |                                   |                                  |                                         |                                  |
|           | At the beginning of the year                                                            | 1000                                      | -                                 | -                                | 1000                                    | -                                |
|           | Date wise Increase in Promoter Group Shareholding during the year due to Purchase.      | 90<br>(March 06, 2020)                    | Purchase                          |                                  | 1090                                    | -                                |
|           |                                                                                         | 90<br>(March 13, 2020)                    | Purchase                          |                                  | 1180                                    | 0.01                             |
|           | At the end of the year                                                                  | 1180                                      | -                                 | 0.01                             | 1180                                    | 0.01                             |
| <b>6.</b> | <b>Mr. Pratik Malia</b>                                                                 |                                           |                                   |                                  |                                         |                                  |
|           | At the beginning of the year                                                            | -                                         | -                                 | -                                | -                                       | -                                |
|           | Date wise Increase in Promoter Group Shareholding during the year due to Purchase.      | 2095<br>(March 27, 2020)                  | Purchase                          | 0.01                             | 2095                                    | 0.01                             |
|           | At the end of the year                                                                  | 2095                                      | -                                 | 0.01                             | 2095                                    | 0.01                             |
| <b>7.</b> | <b>Mrs. Harshida Malia</b>                                                              |                                           |                                   |                                  |                                         |                                  |
|           | At the beginning of the year                                                            | 2000                                      | -                                 | 0.01                             | 2000                                    | 0.01                             |
|           | Date wise Increase / Decrease in Promoter Group Shareholding                            | -                                         | -                                 | -                                | -                                       | -                                |
|           | At the end of the year                                                                  | 2000                                      | -                                 | 0.01                             | 2000                                    | 0.01                             |

| Sr. No. | Particulars                                                   | Shareholding at the beginning of the year |        |                                  | Cumulative Shareholding during the year |                                  |
|---------|---------------------------------------------------------------|-------------------------------------------|--------|----------------------------------|-----------------------------------------|----------------------------------|
|         |                                                               | No. of shares                             | Reason | % of total shares of the company | No. of shares                           | % of total shares of the company |
| 8.      | <b>Mrs. Charulata Reshamwala</b>                              |                                           |        |                                  |                                         |                                  |
|         | At the beginning of the year                                  | 1062                                      | -      | 0.01                             | 1062                                    | 0.01                             |
|         | Date wise Increase / Decrease in Promoter Group Shareholding  | -                                         | -      | -                                | -                                       | -                                |
|         | At the end of the year                                        | 1062                                      | -      | -                                | 1062                                    | -                                |
| 9.      | <b>Mr. Amritlal Kanani</b>                                    |                                           |        |                                  |                                         |                                  |
|         | At the beginning of the year                                  | 1000                                      | -      | -                                | 1000                                    | -                                |
|         | Date wise Increase / Decrease in Promoter Group Shareholding  | -                                         | -      | -                                | -                                       | -                                |
|         | At the end of the year                                        | 1000                                      | -      | -                                | 1000                                    | -                                |
| 10.     | <b>Mr. Arun Gandhi</b>                                        |                                           |        |                                  |                                         |                                  |
|         | At the beginning of the year                                  | 1000                                      | -      | -                                | 1000                                    | -                                |
|         | Date wise Increase / Decrease in Promoter Group Shareholding  | -                                         | -      | -                                | -                                       | -                                |
|         | At the end of the year                                        | 1000                                      | -      | -                                | 1000                                    | -                                |
| 11.     | <b>Mr. Rashmikanth Gandhi</b>                                 |                                           |        |                                  |                                         |                                  |
|         | At the beginning of the year                                  | 1000                                      | -      | -                                | 1000                                    | -                                |
|         | Date wise Increase / Decrease in Promoter Group Shareholding. | -                                         | -      | -                                | -                                       | -                                |
|         | At the end of the year                                        | 1000                                      | -      | -                                | 1000                                    | -                                |

**d) Shareholding pattern of top ten shareholders (other than Directors, Promoters & Promoter Group and Holders of GDRS and ADRS) as on March 31, 2020:**

| Sr No. | Name & Type of Transaction                       | Shareholding at the beginning of the year - 2019 |                                  | Transactions during the year |               | Cumulative Shareholding at the end of the year - 2020 |                                  |
|--------|--------------------------------------------------|--------------------------------------------------|----------------------------------|------------------------------|---------------|-------------------------------------------------------|----------------------------------|
|        |                                                  | No. of Shares Held                               | % of Total Shares of The Company | Date of Transaction          | No. of Shares | No of Shares Held                                     | % of Total Shares of The Company |
| 1      | <b>SBI Mutual Fund under its various schemes</b> | -                                                | -                                | -                            | -             | -                                                     | -                                |
|        | Market Buy                                       |                                                  |                                  | Acquired at the time of IPO  | 1530968       | 1530968                                               | 6.56                             |
|        | Market Buy                                       |                                                  |                                  | May 17, 2019                 | 355949        | 1886917                                               | 8.09                             |
|        | Market Buy                                       |                                                  |                                  | May 24, 2019                 | 8025          | 1894942                                               | 8.12                             |
|        | Market Sell                                      |                                                  |                                  | May 31, 2019                 | (4928)        | 1890014                                               | 8.10                             |
|        | Market Sell                                      |                                                  |                                  | Jun 21, 2019                 | (44285)       | 1845729                                               | 7.91                             |
|        | Market Sell                                      |                                                  |                                  | Jun 29, 2019                 | (32)          | 1845697                                               | 7.91                             |
|        | Market Sell                                      |                                                  |                                  | Jul 05, 2019                 | (6891)        | 1838806                                               | 7.88                             |
|        | Market Sell                                      |                                                  |                                  | Jul 12, 2019                 | (8109)        | 1830697                                               | 7.85                             |
|        | Market Sell                                      |                                                  |                                  | Jul 19, 2019                 | (3140)        | 1827557                                               | 7.83                             |

| Sr No.   | Name & Type of Transaction                                           | Shareholding at the beginning of the year - 2019 |                                  | Transactions during the year |               | Cumulative Shareholding at the end of the year - 2020 |                                  |
|----------|----------------------------------------------------------------------|--------------------------------------------------|----------------------------------|------------------------------|---------------|-------------------------------------------------------|----------------------------------|
|          |                                                                      | No. of Shares Held                               | % of Total Shares of The Company | Date of Transaction          | No. of Shares | No of Shares Held                                     | % of Total Shares of The Company |
|          | Market Sell                                                          |                                                  |                                  | Jul 26, 2019                 | (7416)        | 1820141                                               | 7.80                             |
|          | Market Sell                                                          |                                                  |                                  | Aug 16, 2019                 | (2000)        | 1818141                                               | 7.79                             |
|          | Market Sell                                                          |                                                  |                                  | Aug 23, 2019                 | (19033)       | 1799108                                               | 7.71                             |
|          | Market Sell                                                          |                                                  |                                  | Aug 30, 2019                 | (20132)       | 1778976                                               | 7.62                             |
|          | Market Sell                                                          |                                                  |                                  | Sep 06, 2019                 | (1138)        | 1777838                                               | 7.62                             |
|          | Market Sell                                                          |                                                  |                                  | Sep 13, 2019                 | (307)         | 1777531                                               | 7.62                             |
|          | Market Sell                                                          |                                                  |                                  | Sep 20, 2019                 | (204994)      | 1572537                                               | 6.74                             |
|          | Market Buy                                                           |                                                  |                                  | Dec 06, 2019                 | 80276         | 1652813                                               | 7.08                             |
|          | Market Buy                                                           |                                                  |                                  | Dec 13, 2019                 | 6724          | 1659537                                               | 7.11                             |
|          | Market Sell                                                          |                                                  |                                  | Jan 31, 2020                 | (13377)       | 1646160                                               | 7.05                             |
|          | Market Sell                                                          |                                                  |                                  | Feb 07, 2020                 | (40896)       | 1605264                                               | 6.88                             |
|          | Market Sell                                                          |                                                  |                                  | Feb 14, 2020                 | (10727)       | 1594537                                               | 6.83                             |
|          | Market Sell                                                          |                                                  |                                  | Mar 13, 2020                 | (61389)       | 1533148                                               | 6.57                             |
|          | At the end of the year                                               |                                                  |                                  |                              |               | 1533148                                               | 6.57                             |
| <b>2</b> | <b>Axis Mutual Fund under its Various schemes</b>                    | -                                                | -                                | -                            | -             | -                                                     | -                                |
|          | Market Buy                                                           |                                                  |                                  | Acquired at the time of IPO  | 474045        | 474045                                                | 2.03                             |
|          | Market Buy                                                           |                                                  |                                  | May 17, 2019                 | 210623        | 684668                                                | 2.93                             |
|          | Market Buy                                                           |                                                  |                                  | May 24, 2019                 | 32505         | 717173                                                | 3.07                             |
|          | Market Buy                                                           |                                                  |                                  | May 31, 2019                 | 20567         | 737740                                                | 3.16                             |
|          | Market Sell                                                          |                                                  |                                  | Jun 07, 2019                 | (29565)       | 708175                                                | 3.03                             |
|          | Market Sell                                                          |                                                  |                                  | Jun 14, 2019                 | (17713)       | 690462                                                | 2.96                             |
|          | Market Sell                                                          |                                                  |                                  | Jun 29, 2019                 | (1100)        | 689362                                                | 2.95                             |
|          | Market Buy                                                           |                                                  |                                  | Aug 09, 2019                 | 14601         | 703963                                                | 3.02                             |
|          | Market Buy                                                           |                                                  |                                  | Aug 23, 2019                 | 87887         | 791850                                                | 3.39                             |
|          | Market Buy                                                           |                                                  |                                  | Aug 30, 2019                 | 120000        | 911850                                                | 3.91                             |
|          | Market Buy                                                           |                                                  |                                  | Sep 20, 2019                 | 136217        | 1048067                                               | 4.49                             |
|          | Market Buy                                                           |                                                  |                                  | Sep 27, 2019                 | 1069          | 1049136                                               | 4.50                             |
|          | Market Buy                                                           |                                                  |                                  | Nov 22, 2019                 | 1781          | 1050917                                               | 4.50                             |
|          | Market Buy                                                           |                                                  |                                  | Dec 06, 2019                 | 8802          | 1059719                                               | 4.54                             |
|          | Market Buy                                                           |                                                  |                                  | Dec 13, 2019                 | 19992         | 1079711                                               | 4.63                             |
|          | Market Buy                                                           |                                                  |                                  | Dec 20, 2019                 | 13901         | 1093612                                               | 4.69                             |
|          | Market Buy                                                           |                                                  |                                  | Dec 27, 2019                 | 662           | 1094274                                               | 4.69                             |
|          | Market Buy                                                           |                                                  |                                  | Dec 31, 2019                 | 1053          | 1095327                                               | 4.69                             |
|          | Market Buy                                                           |                                                  |                                  | Mar 13, 2020                 | 15645         | 1110972                                               | 4.76                             |
|          | Market Buy                                                           |                                                  |                                  | Mar 20, 2020                 | 49367         | 1160339                                               | 4.97                             |
|          | Market Buy                                                           |                                                  |                                  | Mar 27, 2020                 | 7410          | 1167749                                               | 5.00                             |
|          | At the end of the year                                               |                                                  |                                  |                              |               | 1167749                                               | 5.00                             |
| <b>3</b> | <b>L&amp;T Mutual Fund Trustee Limited under its various schemes</b> | -                                                | -                                | -                            | -             | -                                                     | -                                |
|          | Market Buy                                                           |                                                  |                                  | Acquired at the time of IPO  | 245649        | 245649                                                | 1.05                             |

| Sr No. | Name & Type of Transaction                       | Shareholding at the beginning of the year - 2019 |                                  | Transactions during the year |               | Cumulative Shareholding at the end of the year - 2020 |                                  |
|--------|--------------------------------------------------|--------------------------------------------------|----------------------------------|------------------------------|---------------|-------------------------------------------------------|----------------------------------|
|        |                                                  | No. of Shares Held                               | % of Total Shares of The Company | Date of Transaction          | No. of Shares | No of Shares Held                                     | % of Total Shares of The Company |
|        | Market Buy                                       |                                                  |                                  | Feb 07, 2020                 | 118717        | 364366                                                | 1.56                             |
|        | Market Buy                                       |                                                  |                                  | Feb 14, 2020                 | 42700         | 407066                                                | 1.74                             |
|        | Market Buy                                       |                                                  |                                  | Mar 13, 2020                 | 65234         | 472300                                                | 2.02                             |
|        | At the end of the year                           |                                                  |                                  |                              |               | 472300                                                | 2.02                             |
| 4      | Kagashin Global Network Pvt. Ltd.                | 300000                                           | 1.49                             | -                            | -             | 300000                                                | 1.49                             |
|        | Transfer                                         | -                                                | -                                | -                            | -             | -                                                     | -                                |
|        | At the end of the year                           | -                                                | -                                | -                            | -             | 300000                                                | 1.29                             |
| 5      | Sundaram Mutual Fund through its various schemes | -                                                | -                                | -                            | -             | -                                                     | -                                |
|        | Market Buy                                       |                                                  |                                  | Acquired at the time of IPO  | 252282        | 252282                                                | 1.08                             |
|        | Market Sell                                      |                                                  |                                  | May 24, 2019                 | (13142)       | 239140                                                | 1.02                             |
|        | Market Sell                                      |                                                  |                                  | Nov 29, 2019                 | (9140)        | 230000                                                | 0.99                             |
|        | Market Sell                                      |                                                  |                                  | Jan 17, 2020                 | (1300)        | 228700                                                | 0.98                             |
|        | Market Sell                                      |                                                  |                                  | Feb 28, 2020                 | (8700)        | 220000                                                | 0.94                             |
|        | At the end of the year                           |                                                  |                                  |                              |               | 220000                                                | 0.94                             |
| 6      | Union Small Cap Fund                             | -                                                | -                                | -                            | -             | -                                                     | -                                |
|        | Market Buy                                       |                                                  |                                  | Sep 20, 2019                 | 93719         | 93719                                                 | 0.40                             |
|        | Market Buy                                       |                                                  |                                  | Sep 27, 2019                 | 736           | 94455                                                 | 0.40                             |
|        | Market Buy                                       |                                                  |                                  | Oct 04, 2019                 | 22105         | 116560                                                | 0.50                             |
|        | Market Buy                                       |                                                  |                                  | Oct 11, 2019                 | 9716          | 126276                                                | 0.54                             |
|        | Market Buy                                       |                                                  |                                  | Nov 22, 2019                 | 43978         | 170254                                                | 0.73                             |
|        | Market Buy                                       |                                                  |                                  | Dec 06, 2019                 | 22789         | 193043                                                | 0.83                             |
|        | Market Buy                                       |                                                  |                                  | Jan 10, 2020                 | 12934         | 205977                                                | 0.88                             |
|        | At the end of the year                           |                                                  |                                  |                              |               | 205977                                                | 0.88                             |
| 7      | Anjali Aniruddha Malpani                         | -                                                | -                                | -                            | -             | -                                                     | -                                |
|        | Market Buy                                       |                                                  |                                  | Acquired at the time of IPO  | 625           | 625                                                   | 0.00                             |
|        | Market Buy                                       |                                                  |                                  | Jun 07, 2019                 | 8767          | 9392                                                  | 0.04                             |
|        | Market Buy                                       |                                                  |                                  | Jun 14, 2019                 | 73942         | 83334                                                 | 0.36                             |
|        | Market Buy                                       |                                                  |                                  | Jul 19, 2019                 | 7419          | 90753                                                 | 0.39                             |
|        | Market Buy                                       |                                                  |                                  | Jul 26, 2019                 | 14435         | 105188                                                | 0.45                             |
|        | Market Buy                                       |                                                  |                                  | Aug 02, 2019                 | 20830         | 126018                                                | 0.54                             |
|        | Market Buy                                       |                                                  |                                  | Aug 09, 2019                 | 19085         | 145103                                                | 0.62                             |
|        | Market Buy                                       |                                                  |                                  | Dec 06, 2019                 | 1157          | 146260                                                | 0.63                             |
|        | At the end of the year                           |                                                  |                                  |                              |               | 146260                                                | 0.63                             |
| 8      | Jitendra Baldwa                                  | -                                                | -                                | -                            | -             | -                                                     | -                                |
|        | Market Buy                                       |                                                  |                                  | Jun 14, 2019                 | 5999          | 5999                                                  | 0.03                             |
|        | Market Buy                                       |                                                  |                                  | Jun 21, 2019                 | 3238          | 9237                                                  | 0.04                             |
|        | Market Buy                                       |                                                  |                                  | Jun 29, 2019                 | 2067          | 11304                                                 | 0.05                             |
|        | Market Buy                                       |                                                  |                                  | Jul 05, 2019                 | 5962          | 17266                                                 | 0.07                             |
|        | Market Buy                                       |                                                  |                                  | Jul 12, 2019                 | 1117          | 18383                                                 | 0.08                             |
|        | Market Buy                                       |                                                  |                                  | Jul 19, 2019                 | 1724          | 20107                                                 | 0.09                             |

| Sr No. | Name & Type of Transaction                                      | Shareholding at the beginning of the year - 2019 |                                  | Transactions during the year |               | Cumulative Shareholding at the end of the year - 2020 |                                  |
|--------|-----------------------------------------------------------------|--------------------------------------------------|----------------------------------|------------------------------|---------------|-------------------------------------------------------|----------------------------------|
|        |                                                                 | No. of Shares Held                               | % of Total Shares of The Company | Date of Transaction          | No. of Shares | No of Shares Held                                     | % of Total Shares of The Company |
|        | Market Buy                                                      |                                                  |                                  | Jul 26, 2019                 | 300           | 20407                                                 | 0.09                             |
|        | Market Buy                                                      |                                                  |                                  | Aug 02, 2019                 | 100           | 20507                                                 | 0.09                             |
|        | Market Buy                                                      |                                                  |                                  | Aug 09, 2019                 | 568           | 21075                                                 | 0.09                             |
|        | Market Buy                                                      |                                                  |                                  | Aug 16, 2019                 | 5151          | 26226                                                 | 0.11                             |
|        | Market Buy                                                      |                                                  |                                  | Aug 23, 2019                 | 499           | 26725                                                 | 0.11                             |
|        | Market Buy                                                      |                                                  |                                  | Sep 06, 2019                 | 100           | 26825                                                 | 0.12                             |
|        | Market Buy                                                      |                                                  |                                  | Sep 20, 2019                 | 6949          | 33774                                                 | 0.14                             |
|        | Market Buy                                                      |                                                  |                                  | Sep 27, 2019                 | 6893          | 40667                                                 | 0.17                             |
|        | Market Buy                                                      |                                                  |                                  | Sep 30, 2019                 | 479           | 41146                                                 | 0.18                             |
|        | Market Buy                                                      |                                                  |                                  | Oct 04, 2019                 | 1022          | 42168                                                 | 0.18                             |
|        | Market Buy                                                      |                                                  |                                  | Oct 11, 2019                 | 6794          | 48962                                                 | 0.21                             |
|        | Market Buy                                                      |                                                  |                                  | Oct 18, 2019                 | 13534         | 62496                                                 | 0.27                             |
|        | Market Buy                                                      |                                                  |                                  | Oct 25, 2019                 | 12207         | 74703                                                 | 0.32                             |
|        | Market Buy                                                      |                                                  |                                  | Nov 01, 2019                 | 4074          | 78777                                                 | 0.34                             |
|        | Market Buy                                                      |                                                  |                                  | Nov 08, 2019                 | 507           | 79284                                                 | 0.34                             |
|        | Market Buy                                                      |                                                  |                                  | Nov 15, 2019                 | 600           | 79884                                                 | 0.34                             |
|        | Market Buy                                                      |                                                  |                                  | Nov 22, 2019                 | 350           | 80234                                                 | 0.34                             |
|        | Market Buy                                                      |                                                  |                                  | Nov 29, 2019                 | 150           | 80384                                                 | 0.34                             |
|        | Market Buy                                                      |                                                  |                                  | Dec 06, 2019                 | 1448          | 81832                                                 | 0.35                             |
|        | Market Buy                                                      |                                                  |                                  | Dec 13, 2019                 | 200           | 82032                                                 | 0.35                             |
|        | Market Buy                                                      |                                                  |                                  | Dec 20, 2019                 | 542           | 82574                                                 | 0.35                             |
|        | Market Buy                                                      |                                                  |                                  | Dec 27, 2019                 | 1025          | 83599                                                 | 0.36                             |
|        | Market Buy                                                      |                                                  |                                  | Dec 31, 2019                 | 7             | 83606                                                 | 0.36                             |
|        | Market Buy                                                      |                                                  |                                  | Jan 03, 2020                 | 625           | 84231                                                 | 0.36                             |
|        | Market Buy                                                      |                                                  |                                  | Jan 10, 2020                 | 3456          | 87687                                                 | 0.38                             |
|        | Market Buy                                                      |                                                  |                                  | Jan 17, 2020                 | 4888          | 92575                                                 | 0.40                             |
|        | Market Buy                                                      |                                                  |                                  | Jan 24, 2020                 | 1256          | 93831                                                 | 0.40                             |
|        | Market Buy                                                      |                                                  |                                  | Jan 31, 2020                 | 1637          | 95468                                                 | 0.41                             |
|        | Market Buy                                                      |                                                  |                                  | Feb 07, 2020                 | 4546          | 100014                                                | 0.43                             |
|        | Market Buy                                                      |                                                  |                                  | Feb 14, 2020                 | 9527          | 109541                                                | 0.47                             |
|        | Market Buy                                                      |                                                  |                                  | Feb 21, 2020                 | 3976          | 113517                                                | 0.49                             |
|        | Market Buy                                                      |                                                  |                                  | Feb 28, 2020                 | 5909          | 119426                                                | 0.51                             |
|        | Market Buy                                                      |                                                  |                                  | Mar 06, 2020                 | 11178         | 130604                                                | 0.56                             |
|        | Market Buy                                                      |                                                  |                                  | Mar 13, 2020                 | 4278          | 134882                                                | 0.58                             |
|        | Market Buy                                                      |                                                  |                                  | Mar 20, 2020                 | 3950          | 138832                                                | 0.60                             |
|        | Market Buy                                                      |                                                  |                                  | Mar 27, 2020                 | 2292          | 141124                                                | 0.60                             |
|        | Market Buy                                                      |                                                  |                                  | Mar 31, 2020                 | 757           | 141881                                                | 0.61                             |
|        | At The End Of The Year                                          |                                                  |                                  |                              |               | 141881                                                | 0.61                             |
| 9      | ICICI PRUDENTIAL PHARMA HEALTHCARE AND DIAGNOSTICS (P.H.D) FUND | -                                                | -                                |                              |               | -                                                     | -                                |
|        | Market Buy                                                      |                                                  |                                  | Acquired at the time of IPO  | 52772         | 52772                                                 | 0.23                             |
|        | Market Buy                                                      |                                                  |                                  | May 17, 2019                 | 58592         | 111364                                                | 0.48                             |
|        | Market Buy                                                      |                                                  |                                  | May 24, 2019                 | 30000         | 141364                                                | 0.61                             |
|        | Market Buy                                                      |                                                  |                                  | Sep 20, 2019                 | 87386         | 228750                                                | 0.98                             |



| Sr No. | Name & Type of Transaction  | Shareholding at the beginning of the year - 2019 |                                  | Transactions during the year |               | Cumulative Shareholding at the end of the year - 2020 |                                  |
|--------|-----------------------------|--------------------------------------------------|----------------------------------|------------------------------|---------------|-------------------------------------------------------|----------------------------------|
|        |                             | No. of Shares Held                               | % of Total Shares of The Company | Date of Transaction          | No. of Shares | No of Shares Held                                     | % of Total Shares of The Company |
|        | Market Buy                  |                                                  |                                  | Sep 27, 2019                 | 18449         | 247199                                                | 1.06                             |
|        | Market Sell                 |                                                  |                                  | Oct 25, 2019                 | (722)         | 246477                                                | 1.06                             |
|        | Market Sell                 |                                                  |                                  | Nov 01, 2019                 | (958)         | 245519                                                | 1.05                             |
|        | Market Sell                 |                                                  |                                  | Nov 08, 2019                 | (3174)        | 242345                                                | 1.04                             |
|        | Market Sell                 |                                                  |                                  | Jan 31, 2020                 | (71621)       | 170724                                                | 0.73                             |
|        | Market Sell                 |                                                  |                                  | Feb 07, 2020                 | (6456)        | 164268                                                | 0.70                             |
|        | Market Sell                 |                                                  |                                  | Feb 28, 2020                 | (44821)       | 119447                                                | 0.51                             |
|        | At The End Of The Year      |                                                  |                                  |                              |               | 119447                                                | 0.51                             |
| 10     | MIRAE ASSET HEALTHCARE FUND | -                                                | -                                |                              |               | -                                                     | -                                |
|        | Market Buy                  |                                                  |                                  | Acquired at the time of IPO  |               | 30469                                                 | 0.13                             |
|        | Market Buy                  |                                                  |                                  | May 17, 2019                 | 791197        | 821666                                                | 4.02                             |
|        | Market Buy                  |                                                  |                                  | May 24, 2019                 | 117265        | 938931                                                | 4.02                             |
|        | Market Buy                  |                                                  |                                  | May 31, 2019                 | 78777         | 1017708                                               | 4.36                             |
|        | Market Buy                  |                                                  |                                  | June 07, 2019                | 32842         | 1050550                                               | 4.50                             |
|        | Market Buy                  |                                                  |                                  | June 14, 2019                | 3839          | 1054389                                               | 4.52                             |
|        | Market Sell                 |                                                  |                                  | Aug 16, 2019                 | (41995)       | 1012394                                               | 4.34                             |
|        | Market Sell                 |                                                  |                                  | Aug 23, 2019                 | (64928)       | 947466                                                | 4.06                             |
|        | Market Sell                 |                                                  |                                  | Aug 30, 2019                 | (106426)      | 841040                                                | 3.60                             |
|        | Market Sell                 |                                                  |                                  | Sep 06, 2019                 | (43664)       | 797376                                                | 3.42                             |
|        | Market Sell                 |                                                  |                                  | Sep 13, 2019                 | (52725)       | 744651                                                | 3.19                             |
|        | Market Sell                 |                                                  |                                  | Sep 20, 2019                 | (115141)      | 629510                                                | 2.70                             |
|        | Market Sell                 |                                                  |                                  | Sep 27, 2019                 | (19358)       | 610152                                                | 2.61                             |
|        | Market Sell                 |                                                  |                                  | Oct 25, 2019                 | (6242)        | 603910                                                | 2.59                             |
|        | Market Sell                 |                                                  |                                  | Nov 01, 2019                 | (1521)        | 602389                                                | 2.58                             |
|        | Market Sell                 |                                                  |                                  | Nov 15, 2019                 | (58700)       | 543689                                                | 2.33                             |
|        | Market Sell                 |                                                  |                                  | Nov 22, 2019                 | (300)         | 543389                                                | 2.33                             |
|        | Market Sell                 |                                                  |                                  | Dec 06, 2019                 | (117733)      | 425956                                                | 1.83                             |
|        | Market Sell                 |                                                  |                                  | Jan 17, 2020                 | (9465)        | 416491                                                | 1.78                             |
|        | Market Sell                 |                                                  |                                  | Jan 24, 2020                 | (190)         | 416301                                                | 1.78                             |
|        | Market Sell                 |                                                  |                                  | Jan 31, 2020                 | (69254)       | 347047                                                | 1.49                             |
|        | Market Sell                 |                                                  |                                  | Feb 07, 2020                 | (40927)       | 306120                                                | 1.31                             |
|        | Market Sell                 |                                                  |                                  | Feb 14, 2020                 | (129248)      | 176872                                                | 0.76                             |
|        | Market Sell                 |                                                  |                                  | Feb 21, 2020                 | (26961)       | 149911                                                | 0.64                             |
|        | Market Sell                 |                                                  |                                  | Feb 28, 2020                 | (32624)       | 117287                                                | 0.50                             |
|        | At The End Of The Year      |                                                  |                                  |                              |               | 117287                                                | 0.50                             |

**Note: 1.** During the year under review the company had successfully made its Initial Public Offer (IPO) of 61,55,813 Equity Shares @ Rs. 215/- (including a share premium of Rs. 205/-) per equity shares of Rs. 10/- each which includes a fresh issue of 32,55,813 Equity Shares of Rs. 10/- each for raising funds for the Company to the tune of Rs. 7,000 Lakhs and Offer for Sale of 29,00,000 Equity Shares of the Promoter and Promoter Group shareholders having face value of Rs. 10/- each of the Company aggregating to approximately Rs. 6,235 Lakhs, pursuant to which the paid-up equity share capital of the Company increased from 2,00,78,793 Equity Shares of face value of Rs. 10 each at the beginning of the year to 2,33,34,606 Equity Shares of face value of Rs. 10 each at the end of the FY 2019-20. Accordingly the details of top 10 shareholders as on March 31, 2020 are given above.

**Note 2.** Shareholding is consolidated based on Permanent Account Number (PAN) of the shareholder.

**e) Shareholding of Directors and Key Managerial Personnel:**

| Sr. No.   | Shareholding of each Directors and each Key Managerial Personnel                                  | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the Year |                                  |
|-----------|---------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|           |                                                                                                   | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| <b>1.</b> | <b>Mr. Haridas Kanani</b>                                                                         |                                           |                                  |                                         |                                  |
|           | At the beginning of the year                                                                      | 1,39,99,680                               | 69.72                            | 1,39,99,680                             | 69.72                            |
|           | Datewise decrease in Promoters' Shareholding during the year due to Offer for sale (May 04, 2019) | (16,99,600)                               |                                  | (16,99,600)                             |                                  |
|           | At the end of the year                                                                            | <b>1,23,00,080</b>                        | <b>52.71</b>                     | <b>1,23,00,080</b>                      | <b>52.71</b>                     |
| <b>2.</b> | <b>Dr. Harin Kanani</b>                                                                           |                                           |                                  |                                         |                                  |
|           | At the beginning of the year                                                                      | 20,00,000                                 | 9.96                             | 20,00,000                               | 9.96                             |
|           | Datewise increase/decrease in Promoters' Shareholding during the year.                            | -                                         | -                                | -                                       | -                                |
|           | At the end of the year                                                                            | <b>20,00,000</b>                          | <b>8.57</b>                      | <b>20,00,000</b>                        | <b>8.57</b>                      |
| <b>3</b>  | <b>Mr. Hitesh Reshamwala</b>                                                                      |                                           |                                  |                                         |                                  |
|           | At the beginning of the year                                                                      | 36                                        | -                                | 36                                      | -                                |
|           | Datewise increase/decrease in Promoters' Shareholding during the year.                            | -                                         | -                                | -                                       | -                                |
|           | At the end of the year                                                                            | <b>36</b>                                 | <b>-</b>                         | <b>36</b>                               | <b>-</b>                         |
| <b>4</b>  | <b>Mr. Shyamsunder Upadhyay</b>                                                                   |                                           |                                  |                                         |                                  |
|           | At the beginning of the year                                                                      | 80                                        | -                                | 80                                      | -                                |
|           | Datewise increase/decrease in Promoters' Shareholding during the year.                            | -                                         | -                                | -                                       | -                                |
|           | At the end of the year                                                                            | <b>80</b>                                 | <b>-</b>                         | <b>80</b>                               | <b>-</b>                         |
| <b>5</b>  | <b>Mr. Anurag Surana</b>                                                                          |                                           |                                  |                                         |                                  |
|           | At the beginning of the year                                                                      | 300000                                    | 1.49                             | 300000                                  | 1.49                             |
|           | Datewise increase/decrease in Promoters' Shareholding during the year.                            | -                                         | -                                | -                                       | -                                |
|           | At the end of the year                                                                            | <b>300000</b>                             | <b>1.29</b>                      | <b>300000</b>                           | <b>1.29</b>                      |
| <b>6</b>  | <b>Mr. Sanjay Mehta</b>                                                                           |                                           |                                  |                                         |                                  |
|           | At the beginning of the year                                                                      | 2580*                                     | 0.01                             | 2580*                                   | 0.01                             |
|           | Datewise decrease in Promoters' Shareholding during the year due to transfer of shares.           | -                                         | -                                | -                                       | -                                |
|           | At the end of the year                                                                            | <b>2580*</b>                              | <b>0.01</b>                      | <b>2580*</b>                            | <b>0.01</b>                      |
| <b>7</b>  | <b>Mrs. Avi Sabavala</b>                                                                          |                                           |                                  |                                         |                                  |
|           | At the beginning of the year                                                                      |                                           |                                  |                                         |                                  |
|           | Datewise increase/decrease in Promoters' Shareholding during the year.                            |                                           |                                  |                                         | NIL                              |
|           | At the end of the year                                                                            |                                           |                                  |                                         |                                  |
| <b>8</b>  | <b>Prof. Ranjan Kumar Malik</b>                                                                   |                                           |                                  |                                         |                                  |
|           | At the beginning of the year                                                                      |                                           |                                  |                                         |                                  |
|           | Datewise increase/decrease in Promoters' Shareholding during the year.                            |                                           |                                  |                                         | NIL                              |
|           | At the end of the year                                                                            |                                           |                                  |                                         |                                  |

\*Excludes shares held jointly as second holder.

## V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Rs. in Lakhs)

|                                                            | Secured Loans<br>excluding<br>deposits | Unsecured<br>Loans | Deposits      | Total<br>Indebtedness |
|------------------------------------------------------------|----------------------------------------|--------------------|---------------|-----------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                        |                    |               |                       |
| i) Principal Amount                                        | 10713.91                               | 1174.73            | 110.00        | 11998.64              |
| ii) Interest due but not paid                              |                                        |                    |               |                       |
| iii) Interest accrued but not due                          |                                        |                    |               |                       |
| <b>Total (i+ii+iii)</b>                                    | <b>10713.91</b>                        | <b>1174.73</b>     | <b>110.00</b> | <b>11998.64</b>       |
| <b>Change in Indebtedness during the financial year</b>    |                                        |                    |               |                       |
| * Addition                                                 | 3677.32                                | -                  | -             | 3677.32               |
| * Reduction                                                | (679.04)                               | (1174.73)          | (110)         | (1963.77)             |
| Net Change                                                 | 2998.28                                | (1174.73)          | (110)         | 1713.55               |
| <b>Indebtedness at the end of the financial year</b>       |                                        |                    |               |                       |
| i) Principal Amount                                        | 13712.19                               | -                  | -             | 13712.19              |
| ii) Interest due but not paid                              |                                        |                    |               |                       |
| iii) Interest accrued but not due                          |                                        |                    |               |                       |
| <b>Total (i+ii+iii)</b>                                    | <b>13712.19</b>                        | <b>-</b>           | <b>-</b>      | <b>13712.19</b>       |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### A. Remuneration to Managing Director, Whole-time Directors and/or Managers:

(Rs. in Lakhs)

| Sr. No. | Particulars of Remuneration                                                         | Name of MD (in Rs.)                                                                                                |                       | Total<br>(Rs. in Lakhs) |
|---------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|-----------------------|-------------------------|
|         |                                                                                     | Mr. Haridas Kanani (CMD)                                                                                           | Dr. Harin Kanani (MD) |                         |
| 1       | Gross salary                                                                        |                                                                                                                    |                       |                         |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 51.68                                                                                                              | 46.49                 | 98.17                   |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -                                                                                                                  | -                     | -                       |
|         | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             | -                                                                                                                  | -                     | -                       |
| 2       | Stock Option                                                                        | -                                                                                                                  | -                     | -                       |
| 3       | Sweat Equity                                                                        | -                                                                                                                  | -                     | -                       |
| 4       | Commission<br>- as % of profit<br>- others, specify...                              | -                                                                                                                  | -                     | -                       |
| 5       | Others, please specify(Bonus)                                                       | 0.50                                                                                                               | 0.50                  | 1.00                    |
|         | <b>Total (A)</b>                                                                    | <b>52.18</b>                                                                                                       | <b>46.99</b>          | <b>99.17</b>            |
|         | Ceiling as per the Act                                                              | Remuneration paid to the Managing Directors is within the provisions under Section 197 of the Companies Act, 2013. |                       |                         |

**B. Remuneration to other Directors:**

(Rs. in Lakhs)

| Sr. No. | Particulars of Remuneration                                                         | Name of Directors                                                                                                            |                       |                          |                   | Total Amount  |
|---------|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|-----------------------|--------------------------|-------------------|---------------|
|         |                                                                                     | Mr. Sanjay Mehta                                                                                                             | Mr. Hitesh Reshamwala | Prof. Ranjan Kumar Malik | Mrs. Avi Sabavala |               |
| 1       | <b>Independent Directors</b>                                                        |                                                                                                                              |                       |                          |                   |               |
|         | Fee for attending board committee meetings                                          | 1.95                                                                                                                         | 2.50                  | 1.45                     | 1.55              | 7.45          |
|         | Commission                                                                          | -                                                                                                                            | -                     | -                        | -                 | -             |
|         | Others, please specify                                                              | -                                                                                                                            | -                     | -                        | -                 | -             |
|         | <b>Total (1)</b>                                                                    | <b>1.95</b>                                                                                                                  | <b>2.50</b>           | <b>1.45</b>              | <b>1.55</b>       | <b>7.45</b>   |
| 2       | <b>Other Executive Directors</b>                                                    | <b>Mr. Shyamsunder Upadhyay</b>                                                                                              |                       |                          |                   |               |
|         | <b>Gross salary</b>                                                                 |                                                                                                                              |                       |                          |                   |               |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 |                                                                                                                              |                       |                          | 46.20             | 46.20         |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             |                                                                                                                              |                       |                          | -                 | -             |
|         | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             |                                                                                                                              |                       |                          | -                 | -             |
|         | Others, please specify(Bonus)                                                       |                                                                                                                              |                       |                          | 0.50              | 0.50          |
|         | <b>Total (2)</b>                                                                    |                                                                                                                              |                       |                          | <b>46.70</b>      | <b>46.70</b>  |
| 3       | <b>Other Non-Executive Directors</b>                                                | <b>Mr. Anurag Surana</b>                                                                                                     |                       |                          |                   |               |
|         | Fee for attending board committee meetings                                          | -                                                                                                                            | -                     | -                        | -                 | -             |
|         | Commission                                                                          | -                                                                                                                            | -                     | -                        | -                 | -             |
|         | Others, please specify                                                              | -                                                                                                                            | -                     | -                        | -                 | -             |
|         | <b>Total (3)</b>                                                                    | <b>-</b>                                                                                                                     | <b>-</b>              | <b>-</b>                 | <b>-</b>          | <b>-</b>      |
|         | <b>Total (B)=(1+2+3)</b>                                                            |                                                                                                                              |                       |                          |                   | <b>54.15</b>  |
|         | <b>Total Managerial Remuneration (A+B)</b>                                          | -                                                                                                                            | -                     | -                        | -                 | <b>153.32</b> |
|         | <b>Overall Ceiling as per the Act</b>                                               | Overall remuneration paid to the Directors is within the ceiling limit provided under the provisions of Companies Act, 2013. |                       |                          |                   |               |

\* Overall ceiling as per Companies Act, 2013 is not applicable to sitting fees paid to Independent Directors.

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:**

(Rs. in Lakhs)

| Sr. No. | Particulars of Remuneration                                                         | Mr. Mahesh Tanna (CFO) | Mr. Lalit Karne (CS) Upto 14/11/2019 | Ms. Unnati Kanani (CS) With effect from 18/11/2019 | Total        |
|---------|-------------------------------------------------------------------------------------|------------------------|--------------------------------------|----------------------------------------------------|--------------|
| 1       | <b>Gross salary</b>                                                                 |                        |                                      |                                                    |              |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 36.83                  | 6.88                                 | 2.57                                               | 46.29        |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -                      | -                                    | -                                                  | -            |
|         | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | -                      | -                                    | -                                                  | -            |
| 2       | <b>Stock Option</b>                                                                 | -                      | -                                    | -                                                  | -            |
| 3       | <b>Sweat Equity</b>                                                                 | -                      | -                                    | -                                                  | -            |
| 4       | <b>Commission</b>                                                                   | -                      | -                                    | -                                                  | -            |
|         | - as % of profit                                                                    | -                      | -                                    | -                                                  | -            |
|         | others, specify...                                                                  | -                      | -                                    | -                                                  | -            |
| 5       | Others, please specify (Bonus)                                                      | 0.29                   | 0.40                                 | -                                                  | 0.69         |
|         | <b>Total (C)</b>                                                                    | <b>37.13</b>           | <b>7.28</b>                          | <b>2.57</b>                                        | <b>46.98</b> |

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

| Type                                | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|-----------------------------------------------------------|------------------------------|------------------------------------|
| <b>A. COMPANY</b>                   |                              |                   |                                                           |                              |                                    |
| Penalty                             | None                         | None              | None                                                      | None                         | None                               |
| Punishment                          | None                         | None              | None                                                      | None                         | None                               |
| Compounding                         | None                         | None              | None                                                      | None                         | None                               |
| <b>B. DIRECTORS</b>                 |                              |                   |                                                           |                              |                                    |
| Penalty                             | None                         | None              | None                                                      | None                         | None                               |
| Punishment                          | None                         | None              | None                                                      | None                         | None                               |
| Compounding                         | None                         | None              | None                                                      | None                         | None                               |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |                                                           |                              |                                    |
| Penalty                             | None                         | None              | None                                                      | None                         | None                               |
| Punishment                          | None                         | None              | None                                                      | None                         | None                               |
| Compounding                         | None                         | None              | None                                                      | None                         | None                               |

For and on behalf of the Board of Directors  
Neogen Chemicals Limited

Place: Thane  
Date: August 8, 2020

**Mr. Haridas Kanani**  
Chairman & Managing Director  
DIN: 00185487

# ANNEXURE - 5

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

[Pursuant to Section 134 (3) (m) of The Companies Act, 2013 read with Rule 8(3) of  
The Companies (Accounts) Rules, 2014]

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

### a) Conservation of energy

|                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i) the steps taken or impact on conservation of energy                       | <ul style="list-style-type: none"> <li>Regularly maintained by installing energy efficient equipment's.</li> <li>Installed Variable Frequency Drives (VFD) on large capacity Motors.</li> <li>We have LEDs all over the plants and our air conditioning systems works without the use of compressor at Vadodara Plant.</li> <li>At Mahape Plant we have shifted from Light Diesel Oil (LDO) to PNG for generating steam.</li> </ul> |
| (ii) the steps taken by the company for utilizing alternate sources of energy | Not Applicable                                                                                                                                                                                                                                                                                                                                                                                                                      |
| (iii) the capital investment on energy conservation equipment's.              | Not Applicable                                                                                                                                                                                                                                                                                                                                                                                                                      |

### (b) Technology absorption

|                                                                                                                                |                                                                                                                                                                                                                                                                                         |
|--------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i) the efforts made towards technology absorption                                                                             | As we have in house R&D we continue to improve our processes.                                                                                                                                                                                                                           |
| (ii) the benefits derived like product improvement, cost reduction, product development or import substitution                 | <ul style="list-style-type: none"> <li>Addition of new product.</li> <li>Process improvements for existing products</li> <li>Increase in Market Share</li> <li>Increase in production capacity utilization</li> <li>Improvement in Quality</li> <li>Increase in productivity</li> </ul> |
| (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- | Not Applicable                                                                                                                                                                                                                                                                          |
| (a) the details of technology imported                                                                                         | Not Applicable                                                                                                                                                                                                                                                                          |
| (b) the year of import;                                                                                                        | Not Applicable                                                                                                                                                                                                                                                                          |
| (c) whether the technology been fully absorbed                                                                                 | Not Applicable                                                                                                                                                                                                                                                                          |
| (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof                                 | Not Applicable                                                                                                                                                                                                                                                                          |
| (iv) the expenditure incurred on Research and Development                                                                      | Rs. 102.99 Lakhs is capital expenditure<br>Rs. 204.13 Lakhs is revenue expenditure.                                                                                                                                                                                                     |

### (c) Foreign exchange earnings and Outgo

The Foreign exchange earning was Rs. 4,651.54 lakhs and outgo for the financial year were Rs. 9,052.38 lakhs for Import & Rs. 144.68 lakhs for expenditure in foreign currency.

For and on behalf of the Board of Directors  
Neogen Chemicals Limited

**Mr. Haridas Kanani**

Chairman and Managing Director

DIN: 00185487

Place: Thane

Date: August 8, 2020



## ANNEXURE - 6

### Annual Report on Corporate Social Responsibility (CSR) Activities as prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rule, 2014:

| Sr. No.                                               | Particulars                                                                                                                                                                                  | Details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                       |                               |                                             |                 |   |   |
|-------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|-------------------------------|---------------------------------------------|-----------------|---|---|
| 1                                                     | A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs | <p>The Company undertakes its CSR activities through various projects/programs relating to activities enumerated in the Schedule VII of the Companies Act, 2013. The Company has spent its CSR funds in diversified areas as follows:</p> <ol style="list-style-type: none"> <li>Promoting plantation of Mangrove trees and spreading awareness through Mangrove awareness programs</li> <li>Water Management in village</li> <li>Promoting education in rural areas and setting up public libraries</li> <li>Promoting Arts, culture and languages</li> <li>promoting health care including preventive health care and sanitation and Disaster Management</li> <li>Combating COVID-19 Pandemic</li> </ol> <p>The Company has framed a CSR policy in compliance with the provisions of Companies Act, 2013 and Rule made thereunder. The CSR policy provides for carrying out CSR activities in respect of those areas as provided in Schedule VII of the Companies Act, 2013. The CSR Policy of the Company is placed on the Company's website at <a href="https://neogenchem.com/company-policy/">https://neogenchem.com/company-policy/</a></p> |                                                       |                               |                                             |                 |   |   |
| 2                                                     | The Composition of the CSR Committee                                                                                                                                                         | <ol style="list-style-type: none"> <li>Mr. Haridas Kanani, Chairman of CSR Committee and Chairman &amp; Managing Director of the Company</li> <li>Mrs. Avi Sabavala, an Independent Director</li> <li>Mr. Anurag Surana, Non-Executive and Non-Independent Director</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                       |                               |                                             |                 |   |   |
| 3                                                     | Average net profit of the company for last three financial years                                                                                                                             | Rs. 1,952.82 lakhs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                       |                               |                                             |                 |   |   |
| 4                                                     | Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)                                                                                                                   | Rs. 39.06 lakhs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                       |                               |                                             |                 |   |   |
| 5                                                     | Details of CSR spent during the financial year.                                                                                                                                              | <table> <tr> <th>Total Amount spent during the FY ended March 31, 2020</th><th>Total amount unspent, if any;</th><th>Manner in which amount spent during the FY.</th></tr> <tr> <td>Rs. 39.37 lakhs</td><td>-</td><td>*</td></tr> </table>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Total Amount spent during the FY ended March 31, 2020 | Total amount unspent, if any; | Manner in which amount spent during the FY. | Rs. 39.37 lakhs | - | * |
| Total Amount spent during the FY ended March 31, 2020 | Total amount unspent, if any;                                                                                                                                                                | Manner in which amount spent during the FY.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                       |                               |                                             |                 |   |   |
| Rs. 39.37 lakhs                                       | -                                                                                                                                                                                            | *                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                       |                               |                                             |                 |   |   |
| 6                                                     | In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the reasons for not spending the amount:           | Not Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                       |                               |                                             |                 |   |   |

\* The manner in which CSR amount is spent during the financial year is detailed below:

| Sr. No | CSR Project/ Activities Identified             | Sector/Area in which the Project is covered                                         | Project or programs a) Local area or others b) Specify the district where the project or programs was undertaken (District & State) | Amount spent on the projects/ program (in lakhs) | Amount spent Direct or through Implementing Agency |
|--------|------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|----------------------------------------------------|
| 1      | Project Mission Mangroves                      | Environment Protection                                                              | Mumbai, Maharashtra                                                                                                                 | 5                                                | United Way Mumbai                                  |
| 2      | Combating COVID-19 Pandemic                    | Health care including preventive health care and sanitation and Disaster Management | Maharashtra                                                                                                                         | 7.75                                             | United Way Mumbai                                  |
| 3      | Education                                      | Promoting Education among Children                                                  | Maharashtra                                                                                                                         | 0.51                                             | Lohana Vidyarthi Bhavan                            |
| 4      | Setting up Public Libraries                    | Promoting Education among Children                                                  | Delhi                                                                                                                               | 5                                                | The Community Library Project                      |
| 5      | Tubewell Project                               | Improve water and land resources management for food, livelihoods and nature        | South Gujarat                                                                                                                       | 6                                                | Bhasha Research and Publication Centre             |
| 6      | Vasantshala                                    | Promoting education                                                                 | Gujarat                                                                                                                             | 4                                                | Bhasha Research and Publication Centre             |
| 7      | Editing and Publication of Gujarati Literature | protection of art and culture                                                       | Ahmedabad Gujarat                                                                                                                   | 4                                                | Shri Forbes Gujarati Sabha                         |
| 8      | Support to underprivile-ged children           | promoting health care including preventive health care                              | Maharashtra                                                                                                                         | 5                                                | Inga Health Foundation                             |
| 9      | Promoting Education                            | Promoting Education among children                                                  | Maharashtra                                                                                                                         | 1.74                                             | Shrimad Rajchandra Aatma Tatva Research Centre     |
| 10     | Educational Assistant to Students              | Promoting Education among children                                                  | Mumbai Maharashtra                                                                                                                  | 0.37                                             | Sanjivani Seva Kendra                              |

**Responsibility Statement:**

We Mr. Haridas Kanani, Mrs. Avi Sabavala and Mr. Anurag Surana, the Members of the CSR Committee of Neogen Chemicals Limited, confirm that the implementation and monitoring of CSR activities, is in compliance with the CSR objectives and policy of the Company.

For and on behalf of the CSR Committee

**Mr. Haridas Kanani**

Chairman of the Committee  
 DIN: 00185487

**Mrs. Avi Sabavala**

Member of the Committee  
 DIN: 08246256

**Mr. Anurag Surana**

Member of the Committee  
 DIN: 00006665

August 8, 2020

## ANNEXURE - 7

Secretarial Compliance Report of Neogen Chemicals Limited for the year ended March 31, 2020.

### We, have examined:

- (a) all the documents and records made available to us and explanation provided by Neogen Chemicals Limited ("the listed entity"),
- (b) the filings/ submissions made by the listed entity to the stock exchanges,
- (c) website of the listed entity,
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended March 31, 2020 ("Review Period") in respect of compliance with the provisions of:
  - I. the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued there under; and
  - II. the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made there under and the Regulations, circulars, guidelines issued there under by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued there under, have been examined, include:-

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;  
**[Not applicable during the review period]**
- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;  
**[Not applicable during the review period]**
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;  
**[Not applicable during the review period]**
- (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; **[Not applicable during the review period]**
- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and circulars/ guidelines issued thereunder;

and based on the above examination, We hereby report that, during the Review Period:

- (i) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued there under, except in respect of matters specified below:-

| Sr. No. | Compliance Requirement (Regulations/circulars/ guidelines including specific clause) | Deviations | Observations/ (Regulations/ Remarks of the Practicing Company Secretary |
|---------|--------------------------------------------------------------------------------------|------------|-------------------------------------------------------------------------|
|---------|--------------------------------------------------------------------------------------|------------|-------------------------------------------------------------------------|

Not Applicable

- (a) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/guidelines issued there under in so far as it appears from our examination of those records.
- (b) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued there under:

| Sr. No. | Action taken by | Details of violation | Details of action taken e.g. Fines, warning letter, debarment etc. | Observations/ remarks of the Practicing Company Secretary, if any. |
|---------|-----------------|----------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|
|---------|-----------------|----------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|

Not Applicable

- (c) The listed entity has taken the following actions to comply with the observations made in previous reports:

| Sr. No. | Observations of the Practicing Company Secretary in the previous reports | Observations made in the secretarial compliance report for the year ended March 31, 2020 (The years are to be mentioned) | Actions taken by the listed entity, if any | Comments of the Practicing Company Secretary on the actions taken by the listed entity |
|---------|--------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------------------------------------------------------------------|
|---------|--------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------------------------------------------------------------------|

Not Applicable

- (d) There was re-appointment of the Statutory Auditors of the Company during the financial year and the Company has complied with provisions contained in SEBI Circular CIR/CFD/CMD1/114/2019 dated October 18, 2019.

FOR DVD & ASSOCIATES  
 COMPANY SECRETARIES

**Mr. Devendra V Deshpande**  
 FCS No. 6099 CP No. 6515  
 UDIN: F006099B000380211

Place: Pune  
 Date: June 25, 2020

# REPORT ON CORPORATE GOVERNANCE

(Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015) ("Listing Regulations")

The Company's Shares are listed with BSE Limited and National Stock Exchange of India Limited with effect from May 8, 2019. This Report on Corporate Governance is prepared and presented on voluntary basis and on accounts of the belief and practices of the Management in good Corporate Governance.

## 1. Corporate Governance Philosophy:

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2020. The Company's philosophy is to achieve business excellence and optimize long term values & ethical business conduct for its stakeholders. The Company believes strongly that good corporate governance is intrinsic to the management of the Company affairs; it ensures fairness, transparency and integrity of the management. We value, practice and implement ethical and transparent business practices aimed at building trust amongst various stakeholders. We believe that the Corporate Governance is a key element in improving efficiency and growth as well as enhancing investor confidence.

The philosophy and practice of Corporate Governance can be summarized as:

- Reasonable and ethical decision making;
- Transparency in all business dealings and transactions;
- Timely and accurate disclosure of information;
- Integrity of reporting;
- The protection of rights and interest of all stakeholders;
- The Board, Employees and all concerned are fully committed to maximizing long-term value of the stakeholders of the Company.

## 2. BOARD OF DIRECTORS:

The Members of the Board of Directors of the Company are eminent personalities from various fields who bring in a wide range of skills and experience to the Board and they are entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company.

### A) Composition of Board of Directors:

The Company complies with the provisions of the Section 149 of the Companies Act, 2013 and Regulation 17 of the Listing Regulations with regard to the composition of the Board.

The Board of Directors of the Company comprises an optimum combination of Executive and Non-Executive Directors. The Board comprises of 8 (Eight) Directors as on March 31, 2020, of which 5 (Five) are Non-executive Directors. The Board comprises 4 (Four) Independent Directors including one Woman Independent Director, that is, Directors, who apart from receiving sitting fees, do not have any other material pecuniary relationship or transactions with the Company, its promoters or its management, which may affect independence of judgment of the Directors. The composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the business. The Independent Directors bring external prospective and independence to decision making.

All the Independent Directors have confirmed to the Board that they meet the criteria for Independence in terms of definition of 'Independent Director' stipulated under Regulation 16 (1)(b) of the Listing Regulations and Section 149 of the Companies Act, 2013. These confirmations have been evaluated and taken on record by the Board. None of Independent Directors hold office as an Independent Director in more than seven listed companies as stipulated under Listing Regulations. In the opinion of the Board, the Independent Directors fulfil the conditions specified in the Listing Regulations and are independent of the management.

All the Directors have made necessary disclosures regarding their directorship as required under Section 184 of the Companies Act, 2013 and the Committee positions held by them in other companies as stipulated under Regulation 26 of Listing Regulations. None of the Directors of the Company hold Directorships in more than 20 companies, including 10 public companies. Further,

none of the Directors hold directorship in more than 8 listed entities as provided under Regulation 17(a) (1) of the Listing Regulations and none of the directors are serving as an independent director in more than 7 listed entities. Further the Managing Director and Managing Director of the Company are not serving as an Independent Director in any other listed entity as provided under Regulation 17(a) (2) of the Listing Regulations. In accordance with Regulation 26 of Listing Regulations, none of the directors are members in more than 10 committees excluding private limited companies, foreign companies and companies incorporated under Section 8 of the Companies Act, 2013 or act as a chairperson of more than 5 committees (the committees being Audit Committee and Stakeholders Relationship Committee) across all the listed entities in which he/she is a director.

## **B) Profile of Directors**

A brief profile of each Directors is:

### **a. Mr. Haridas Kanani:**

Mr. Haridas Kanani is the Chairman and Managing Director of the Company. He oversees manufacturing, research and development and general operation and management of the Company's manufacturing units. He holds a bachelor's degree in chemical engineering from the Indian Institute of Technology, Mumbai. He has previously worked with Excel Industries Limited. He then founded Chem Ocean Industries which was set up as one of India's first Bromine plants using indigenous technology at Navalakhi, Gujarat. Due to floods in 1976, the Bromine plant was destroyed. He then set up Chem Ocean Consultants which provided consultancy, technology and engineering technologies to set up Bromine plants to other companies. In 1985 he set up Prachi Chemicals to manufacture organic and inorganic Bromides. Later in 1989 he established Neogen Chemicals Private Limited and has since served on its Board as Chairman and Managing Director.

### **b. Dr. Harin Kanani:**

Dr. Harin Kanani is the Managing Director of the Company. He heads various business divisions of the Company including research and development, business development, quality control, purchase, marketing and finance. He holds a bachelor's degree in chemical engineering from the Indian Institute of Technology, Bombay and a master's degree and a doctorate in chemical and biomolecular engineering from the University of Maryland, U.S.A. He has served as a research fellow at the University of Maryland, where he published four first author

manuscripts in the field of chemical engineering. He has been a speaker at several national and international conferences. He has also participated in the Small and Medium Enterprises Programme from Indian Institute of Management, Ahmedabad. He has previously worked with Asian Paints India Limited and has been a research scientist at Pioneer Hi-Bred International Inc., United States (a DuPont Company). He joined Neogen Chemicals Limited in 2008 as a general manager and has been on the Board of the Company as a Director from July 15, 2013 and as a Managing Director from July 22, 2017.

### **c. Mr. Sanjay Mehta**

Mr. Sanjay Mehta is an Independent Director in the Company. He is a practising Chartered Accountant. He is also a fellow member at the Institute of Chartered Accountants of India with 43 years of experience and a Graduate Member of the Institute of Cost and Works Accountants of India. He is a founding partner of the chartered accountancy firm M/s Akkad Mehta & Co. He has expertise in corporate audit and taxation, regulatory compliances, international taxation and corporate law.

### **d. Mr. Hitesh Reshamwala:**

Mr. Hitesh Reshamwala is an Independent Director in the Company. He is a practising Chartered Accountant with 30 years of practice. He has completed a three-month course on 'Independent Director's Studies' conducted by the Bombay Chartered Accountants Society and S.P. Jain Institute of Management and Research. He has expertise in tax and statutory compliance.

### **e. Mr. Shyamsunder Upadhyay:**

Mr. Shyamsunder Upadhyay is an Executive Director in the Company. He oversees manufacturing, maintenance, projects, logistics, plant administration and engineering store in the Company. He has a master's degree in science from Vikram University, Ujjain. He has 42 years of work experience in the field of chemicals and has previously been associated with companies, such as, Savita Chemicals, Wimco, Gharda Chemicals, Clariant India, Tytan Organics Limited, Arch Pharmed Labs Limited and Laxmi Organic Industries Limited.

### **f. Mr. Anurag Surana:**

Mr. Anurag Surana is a Non-Executive Director in the Company. He has a bachelor's degree in commerce with Honours from the University of Delhi. He founded a consulting company Kagashin Global Network Private Limited, specialising in consulting



with companies in the chemical, agrochemical and fertilizers sectors in India and abroad. He was earlier an executive director for 15 years on the board of PI Industries Limited, an agrochemical and specialty chemicals manufacturer.

**g. Prof. Ranjan Kumar Malik:**

Prof. Ranjan Kumar Malik is an Independent Director in the Company. He has a bachelor's degree in science (engineering and technology) with a gold medal from the University of Kanpur. He also has a master's degree in chemical engineering from the Indian Institute of Technology, Kanpur, and is a doctorate in philosophy from the University of Wisconsin-Madison, USA. He has been a professor at the department of chemical engineering, Indian Institute of Technology, Mumbai for 30 years. He is currently an Emeritus Fellow at the Indian Institute of Technology, Mumbai. He is also a member of the Indian Institute of Chemical Engineers.

**h. Mrs. Avi Sabavala:**

Mrs. Avi Sabavala is an Independent Director of the Company. She has a bachelor's degree in science (honours) from the University of Delhi. She also has a master's degree in arts (social work) from the University of Delhi. She also holds a bachelor's degree in law from the Maharaja Sayajirao University, Vadodara, and a diploma in management from the Indira Gandhi National Open University. She was a former president of the Vadodara Management Association as well as Vadodara Chamber of Commerce and Industry (VCCI) and a well-known corporate trainer specializing in soft skills.

**C) Core Skills/Expertise/Competencies of Board:**

The Nomination and Remuneration Committee has laid down the following core skills/expertise/competencies for Board Membership:

**I. Directors**

- Must have relevant experience In Finance/Law/ Management/Sales/ Marketing/ Administration /Research /Corporate Governance/Technical Operations or the other disciplines related to the Company's business.
- Should possess the highest personal and professional ethics, integrity and values.
- Must be willing to devote sufficient time and energy in carrying out their duties and responsibilities.

- Must have behavioral competencies, such as, collaborative and ability to work as a team member, seeking and giving feedback to/from individual directors, be challenging but supportive in the board room.
- Willingness and ability to devote adequate time and energy to fulfil board and committee responsibilities, strategic thinking, integrity with high ethical standards, trust, accountability and avoid situations leading to conflict to interest.
- Any person to be appointed as Director shall not possess the disqualifications contained in the Companies Act, 2013, as amended from time to time.

**II. Independent Directors**

An Independent Director shall comply and meet with all the criteria laid down in Listing Regulations and the Companies Act, 2013 and Rules made thereunder.

**D) Performance Evaluation Criteria of Independent Directors:**

Independent Directors are evaluated based on parameters such as qualification, experience, knowledge and competency, ability to function as a team, initiative, commitment, independence, independent view and judgement, understanding the environment in which the Company operates and contribution to strategic decision and raising valid concerns and management skills.

**E) Board Procedure:**

The Board meets at regular intervals to discuss and decide on the Company/business policy and strategy apart from other Board business. The Board Meetings (including Committee Meetings) of the Company are scheduled in advance to facilitate the Directors to plan their schedule and ensure meaningful participation in the meetings. However, in case of a special and urgent business need, the Board's approval is taken by passing resolution(s) by way of circulation, as permitted by law, which is noted in the subsequent Board Meeting.

Department heads communicate with the Company Secretary in advance with regard to matters requiring the approval of the Board to enable inclusion of the same in the agenda for the Board Meetings. The detailed agenda as approved by the Chairman together with the relevant attachments are circulated amongst the Directors in advance.

Where it is not practicable to circulate any document in advance or if the agenda is of a confidential nature, the same is tabled at the meeting. In special and exceptional circumstances, consideration of additional or supplementary items is taken up with the approval of chair and majority of the Directors. Senior Management Personnel are invited to the Board/Committee Meeting(s) to provide additional inputs for the items being discussed by the Board/Committees thereof as and when necessary. In addition to above, the Company, in compliance with Regulation 17(7) and Schedule II, Part A of the Listing Regulations, places before the Board all the required information from time to time.

The draft Minutes of the proceedings of the Meetings of the Board/Committee(s) are circulated to all the Members of the Board or Committee for their perusal within the stipulated time prescribed by Secretarial Standard on Meeting of the Board of Directors. Comments, if any, received from the Directors are

incorporated in the Minutes in consultation with the Chairman. The Minutes are approved by the Members of the Board/Committee(s) prior to the next Meeting. The signed Minutes are circulated to all the Members of the Board or the Committee with the stipulated time prescribed by Secretarial Standard on Meeting of the Board of Directors.

**F) Attendance at Board Meetings, Last Annual General Meeting, relationship between Directors inter-se, No of Directorships and Committee Memberships/Chairmanships and Listed Entities where the person is a Director & Category of Directorship**

The details of attendance of each Director at the Board Meetings held during the year and the last Annual General Meeting (AGM) along with the number of Companies and Committees where he/she is a Director/Member/Chairperson and the relationship between the Directors inter-se, as on March 31, 2020 are:

Composition of the Board and Directorship held during FY 2019-20 and meetings Attended:

| Name of Director                  | Category                                 | Attendance of meeting during FY 2019-20 |     | As on March 31, 2020<br>(Including position in the Company) |                        |        | Name of other Listed entities in which person is a Director | Directors Shareholding In the Company |
|-----------------------------------|------------------------------------------|-----------------------------------------|-----|-------------------------------------------------------------|------------------------|--------|-------------------------------------------------------------|---------------------------------------|
|                                   |                                          | Board                                   | AGM | No. of Directorship*                                        | Committee <sup>5</sup> |        |                                                             |                                       |
|                                   |                                          |                                         |     |                                                             | Chairman               | Member |                                                             |                                       |
| Mr. Haridas Thakarshi Kanani      | Promoter, Chairman & Managing Director   | 6                                       | Yes | 1                                                           | -                      | -      | Nil                                                         | 1,23,00,080                           |
| Dr. Harin Kanani                  | Promoter & Managing Director             | 6                                       | Yes | 1                                                           | -                      | 2      | Nil                                                         | 20,00,000                             |
| Mr. Anurag Surana                 | Non-Executive & Non-Independent Director | 6                                       | Yes | 1                                                           | -                      | -      | Nil                                                         | 3,00,000                              |
| Mr. Sanjay Natwarlal Mehta        | Non Executive Independent Director       | 5                                       | Yes | 3                                                           | 1                      | 5      | i) Span Divergent Ltd<br>ii) Meera Industries Ltd           | 2,580 <sup>#</sup>                    |
| Mr. Hitesh Bharatkumar Reshamwala | Non Executive Independent Director       | 6                                       | Yes | 1                                                           | -                      | 1      | Nil                                                         | 36                                    |
| Mr. Shyamsunder Upadhyay          | Executive Director                       | 5                                       | No  | 1                                                           | -                      | 1      | Nil                                                         | 80                                    |
| Prof. Ranjan Kumar Malik          | Non Executive Independent Director       | 5                                       | Yes | 1                                                           | 1                      | 1      | Nil                                                         | -                                     |
| Mrs. Avi Kersi Sabavala           | Non Executive Independent Director       | 5                                       | yes | 1                                                           | -                      | 1      | Nil                                                         | -                                     |

\* Number of Directorships held excludes Directorships in Private Limited Companies, Foreign Companies, Companies under Section 8 of the Companies Act, 2013 and includes directorship of Neogen Chemicals Limited.

§ Membership/Chairmanship of only the Audit Committees and the Stakeholders' Relationship Committees of all Listed and Unlisted Public Companies including Neogen Chemicals Limited have been considered.

# Excludes shares held jointly as second holder.

#### **G) Board of Directors Meetings:**

The Board of Directors met 6 times that is on April 11, 2019, May 4, 2019, May 25, 2019, August 9, 2019, November 12, 2019, and February 8, 2020 during the financial year under review. The maximum gap between any two Board Meetings was not more than 120 days as required under Regulation 17 of Listing Regulations, Section 173 of the Companies Act, 2013 and Secretarial Standard on Meeting of the Board of Directors.

#### **H) Directors' Inter-se Relationship:**

Dr. Harin Kanani, Managing Director is a son of Mr. Haridas Kanani, Chairman and Managing Director of the Company. None of the other Directors are related to each other.

#### **I) Familiarization Programme for Independent Directors**

As per Section 149 read with Schedule IV, part III of the Companies Act, 2013 and Pursuant to provisions of Regulation 25 of the Listing Regulations, the Company has formulated a programme for familiarizing the Independent Directors, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. through various initiatives. The details of aforementioned programme is available on the Company's website at [https://neogenchem.com/wp-content/uploads/2020/01/Familiarization-Programme\\_NCL\\_2020.pdf](https://neogenchem.com/wp-content/uploads/2020/01/Familiarization-Programme_NCL_2020.pdf)

#### **J) Details of Directors and/or KMP appointed during the year:**

During the year under review Mr. Lalit Karne, resigned as a Company Secretary and Compliance Officer of the Company With effect from November 14, 2019 and in his place Ms. Unnati Kanani, was appointed as the Company Secretary of the Company With effect from November 18, 2019.

#### **K) Code of Conduct:**

The Company has adopted Code of Conduct for Directors and Senior Management of the Company. The same has been posted on Company's website

at <https://neogenchem.com/company-policy/>. The Members of the Board and Senior Management of the Company have submitted their affirmation on compliance with the code for effective period.

#### **L) Whistle-blower Policy (Vigil Mechanism):**

The Board of Directors of the Company are committed to maintain the highest standards of honesty, openness and accountability and recognize that each and every person in the Company has an important role to play in achieving the organizational goals. It is the policy of the Company to encourage employees, when they have reason to suspect violations of laws, rules, regulations, unethical conduct, questionable accounting/audit practices, reporting of fraudulent financial information to shareholders, the Government or the financial markets and/or serious misconduct otherwise, to report concerns to the Company's management.

The "Whistle-blower" Policy adopted by the Company provides a ready mechanism for reporting violation of laws, rules, regulations or unethical conduct. The Confidentiality of the 'Whistle-blower' is maintained and he/she is not subjected to any victimization and/or harassment. The present Whistle-blower Policy is in conformity with the Provisions of Section 177 of the Companies Act, 2013 and Regulation 22 of the Listing Regulations. Every employee of the Company has been provided access to the Audit Committee Chairman through email/correspondence address. The details of the Policy are available on the Company's website at <https://neogenchem.com/wp-content/uploads/2018/12/12.Whistle-blower-Policy.pdf>

### **3. COMMITTEES OF THE BOARD:**

As required by "the Act" and listing agreement with Stock Exchanges where the shares of the company are listed and Listing Regulations, 2015, for better governance and accountability, the Board has constituted the following mandatory committees namely Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee.

The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. Meetings of each of these Committees are convened by the respective Chairman of the Committee, who also informs the Board about the summary of discussions held in the Committee Meetings.

## A. AUDIT COMMITTEE:

### I. Brief description of terms of reference:

The terms of reference of this committee cover the matters specified for the audit committee under Regulation 18(3) read with Part C of Schedule II of Listing Regulations as well as in Section 177 of the "the Act". The audit committee was constituted to ensure prudent financial and accounting practices, fiscal discipline and transparency in financial

reporting. The quarterly results are reviewed by the audit committee and recommended to the board for its adoption. The Chairman of the committee is an Independent Director having Knowledge in Finance.

### II. Audit Committee Meetings:

The Audit Committee met 4 times during the year that is, on May 25, 2019, August 9, 2019, November 12, 2019, and February 8, 2020.

### III. Composition and Attendance: (Reconstituted on August 9, 2019)

| Sr. No. | Name                  | Category                   | Designation | No. of Meetings |                |
|---------|-----------------------|----------------------------|-------------|-----------------|----------------|
|         |                       |                            |             | Held            | Attended       |
| 1       | Mr. Sanjay Mehta      | Non-Executive, Independent | Chairman    | 4               | 4              |
| 2       | Mr. Hitesh Reshamwala | Non-Executive, Independent | Member      | 4               | 4              |
| 3       | Dr. Harin Kanani      | Executive                  | Member      | 4               | 4              |
| 4       | Mrs. Avi Sabavala     | Non-Executive, Independent | Member      | 4               | 1 <sup>@</sup> |

@ Mrs. Avi Sabavala was appointed as a member of the Audit Committee With effect from August 09, 2019.

The representatives of the Statutory Auditors, Internal Auditors and Mr. Mahesh Tanna, CFO of the Company are invitees to the Audit Committee Meetings who attend the meetings.

The Company Secretary acts as the Secretary to the committee.

The previous Annual General Meeting held on September 20, 2019 was attended by Mr. Sanjay Mehta, the Chairman of Audit Committee.

### IV. Powers of audit committee:

The Audit Committee has an authority to investigate into any matter in relation to the items specified in terms of reference referred to it by the board and for this purpose the Audit Committee has power to obtain professional advice from external sources and have full access to information contained in the records of the Company. The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company. The Audit Committee shall also have all the powers as prescribed under the Companies Act, 2013 and Listing Regulations.

### V. Role, Responsibilities and Terms of Reference:

1. Overview of the company's financial reporting process and the disclosure of its financial information

to ensure that the financial statement is correct, sufficient and credible;

2. Reviewing and recommending for approval to the Board:

I. Proposals on borrowings from banks;

II. Business plan; and

III. Corporate annual budget and revised estimates.

3. Recommending to the Board the appointment, re-appointment, terms of appointment and, if required, the replacement or removal of the internal auditor, cost auditor and statutory auditors and the fixation of audit fees and remuneration;

4. Approval of payment to statutory, internal and cost auditors for any other services rendered by them, as applicable;

5. 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 in the Director's responsibility statement to be included in the Board's report in terms of clause (c) of sub section 3 of section 134 of the Companies Act, 2013;

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.
  - VIII. Compliance with accounting standards;
  - IX. Contingent liabilities; and
  - X. Claims against the Company and their effect on the financial statements; the term "financial statement" shall have the meaning ascribed to such term under Section 2(40) of the Companies Act, 2013.
6. Reviewing, with the management:
    - I. the quarterly, half-yearly and annual financial statements and such other periodical statements before submission to the Board for approval;
    - II. the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.); and
    - III. the statement of funds utilized for purposes other than those stated in the issue document/prospectus/notice and the report submitted by the monitoring agency, monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in the matter.
  7. Reviewing and monitoring the auditor's independence and performance along-with the effectiveness of audit process;
  8. Examination of the financial statement and the auditor's report thereon;
  9. Approval or any subsequent modification of transactions of the company with related parties, provided that the audit committee may make omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;
  10. Laying down the criteria for granting omnibus approval in line with the Company's policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;
  11. Scrutinizing:
    - I. the need for omnibus approval and ensuring that such approval is in the interest of the Company; and
    - II. Inter-corporate loans and investments.
  12. Valuation of undertakings or assets of the company, wherever it is necessary;
  13. Evaluation of internal financial controls and risk management systems;
  14. Reviewing with the management- performance of statutory, cost and internal auditors and also the adequacy of the internal control systems;
  15. 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;
  16. Discussion with internal auditors of any significant findings and follow up there on;
  17. 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;
  18. Discussing with statutory auditors, internal auditors, secretarial auditors and cost auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  19. Scrutinizing the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  20. Formulating the scope, functioning, periodicity and methodology for conducting the internal audit in consultation with the internal auditor.

21. Approval of appointment of CFO (or the whole-time finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
22. Reviewing the functioning of the Whistle-blower mechanism;
23. Making recommendations to the Board in relation to the establishment of a vigil mechanism;
24. Monitoring of a vigil mechanism for enabling adequate safeguards and protection of interest of the director(s) or employees or any other person who may avail the mechanism and to provide for direct access to the chairperson of the Audit Committee in exceptional cases where deemed necessary;
25. Discretion to invite the finance director or head of the finance functions, head of internal audit and a representative of the statutory auditor and any other such executives to be present at the meetings of the committee: Provided that occasionally the audit committee may meet without the presence of any executives of the listed entity; and
26. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee as per the Companies Act, 2013, Rules framed there under, the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, the SEBI Listing Regulations and other applicable Rules and Regulations.

#### **VI. Powers of Audit Committee:**

1. To investigate any activity within its terms of reference;
2. To seek information from any employee;
3. To select and appoint professional advisors and obtain advice from external sources including for forensic or other investigations, if necessary;
4. To secure attendance of outsiders with relevant expertise, if it considers necessary; and
5. To have full access to the information contained in the records of the Company.

#### **VII. The Audit Committee shall mandatorily review the following information:**

1. Management's discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Details of all material transactions with related parties to be disclosed every quarter along with the compliance report on corporate governance;
4. On a quarterly basis, the details of related party transactions entered into by the Company pursuant to each omnibus approval given;
5. Whether the policy dealing with related party transactions is placed on the website of the Company;
6. Management letters / letters of internal control weaknesses issued by the statutory auditors;
7. Internal audit reports relating to internal control weaknesses;
8. The appointment, removal and terms of remuneration of the chief internal auditor;
9. Statement of deviations:
  - i. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and
  - ii. annual statement of funds utilized for purposes other than those stated in the issue document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations."

#### **B. NOMINATION AND REMUNERATION COMMITTEE:**

Pursuant to Section 178 of the Act and Regulation 19 of the Listing Regulations, the Board of Directors has duly constituted the Nomination & Remuneration Committee.

##### **I. Nomination and Remuneration Committee Meetings:**

The Nomination and Remuneration Committee met 2 times during the year that is on May 25, 2019, and November 12, 2019.



## II. Composition and Attendance:

| Sr. No. | Name                  | Category                        | Designation | No. of Meetings |          |
|---------|-----------------------|---------------------------------|-------------|-----------------|----------|
|         |                       |                                 |             | Held            | Attended |
| 1       | Mr. Hitesh Reshamwala | Non-Executive, Independent      | Chairman    | 2               | 2        |
| 2       | Mr. Sanjay Mehta      | Non-Executive, Independent      | Member      | 2               | 2        |
| 3       | Mr. Anurag Surana     | Non-Executive, Non- Independent | Member      | 2               | 2        |

The Company Secretary acts as the Secretary to the committee.

The previous Annual General Meeting held on September 20, 2019 was attended by Mr. Hitesh Reshamwala, the Chairman of Nomination and Remuneration Committee.

## III. Terms of reference of the Nomination and Remuneration Committee:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Reviewing the terms and conditions of services including remuneration in respect of technical director and managing director and submitting their recommendations to the Board;
- Formulation of criteria for evaluation of independent directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommending to the Board, their appointment and removal and shall carry out evaluation of every director's performance;
- Determination of extension or continuation of the term of appointment of the independent directors on the basis of the report of performance evaluation of independent directors.
- Evaluating the current composition, organization and governance of the Board and its committees as well as determining future requirements and making recommendations to the Board for approval;
- Determining on an annual basis, desired qualifications along with the expertise, characteristics and conduct searches for potential Board members with corresponding attributes. Thereafter, evaluation and proposal of nominees for election to the Board. In performing these tasks, the committee shall have the sole authority to retain and terminate any search firm to be used to identify director candidates;
- Evaluation and recommendation of termination of membership of individual directors in accordance with the Board's governance principles for cause or for other appropriate reasons;
- Making recommendations to the Board in relation to the appointment, promotion and removal of the senior management personnel at such level(s);
- Reviewing, amending, modifying and approving all other human resources related policies of our Company from time to time;
- Reviewing and recommending to the Board, manpower plan/ budget and sanction of new senior management positions from time to time in the future;
- Reviewing and recommending to the Board, matters relating to revision of compensation/ salary and long term wage settlements;
- Determination of compensation levels payable to the senior management personnel and other staff (as deemed necessary) which shall be market-related, usually consisting of a fixed and variable component;
- Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

17. Determining our Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
  18. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
    - i. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
    - ii. The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003;
  19. Consideration and approval of employee stock option schemes and to administer and supervise the same;
  20. Decision on matters such as quantum of and milestones for grant, eligibility of employees who shall be entitled to grant of options, vesting period and conditions thereof, termination policies etc.
  21. Reviewing, with the management, all human resource related issues from time to time so as to maintain harmonious employer-employee relations;
  22. Periodically reviewing and re-examining the terms of reference and making recommendations to our Board for any proposed changes;
  23. Authorization to obtain advice, reports or opinions from internal or external counsel and expert advisors;
  24. Ensuring proper induction program for new directors, key managerial personnel and senior management and reviewing its effectiveness along-with ensuring that on appointment, they receive a formal letter of appointment in accordance with guidelines provided under the Companies Act, 2013;
  25. Developing a succession plan for our Board and senior management and regularly reviewing the plan;
  26. Consideration and determination of the nomination and remuneration policy based on performance and also bearing in mind that the remuneration is reasonable and sufficient to attract, retain and motivate members of the Board and such other factors as the Committee shall deem appropriate;
  27. Ensuring that it proactively maintains a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company; and
  28. Performing such other activities as may be delegated by the Board and / or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.
- IV. Remuneration policy:**
- The remuneration policy of the Company is directed towards rewarding performance, based on review of achievements on a periodic basis. The remuneration policy is consonance with the existing industry practice. The Nomination and Remuneration Policy adopted by the Company is available at <https://neogenchem.com/company-policy/>
- V. Performance evaluation criteria for Independent Directors:**
- The Nomination and Remuneration Committee of the Board has laid out the evaluation criteria for performance evaluation of the Board, its Committees and all the individual directors, in adherence of Listing Regulations.
- VI. Remuneration to Directors and Senior Management Employees**
- o Details of remuneration / sitting fees paid during the year 2019-20 and number of shares held as on March 31, 2020 by the directors of the Company are as follows:

- o Details of fix component and performance linked incentives along with performance criteria.

| Name of the Director     | Salary (Rs. in Lakhs) | Contribution to Provident Fund | Pension | Other Perquisites | Bonus | Sitting Fees | Commission | Total (Rs. in Lakhs) | No. of Shares Held |
|--------------------------|-----------------------|--------------------------------|---------|-------------------|-------|--------------|------------|----------------------|--------------------|
| Mr. Haridas Kanani       | 51.68                 | -                              | -       | -                 | 0.50  | -            | -          | 52.18                | 1,23,00,080        |
| Dr. Harin Kanani         | 46.49                 | -                              | -       | -                 | 0.50  | -            | -          | 46.99                | 20,00,000          |
| Mr. Shyamsunder Upadhyay | 46.20                 | -                              | -       | -                 | 0.50  | -            | -          | 46.70                | 80                 |
| Mr. Anurag Surana        | -                     | -                              | -       | -                 | -     | -            | -          | -                    | 3,00,000           |
| Mr. Sanjay Mehta         | -                     | -                              | -       | -                 | -     | 1.95         | -          | 1.95                 | 2,580 <sup>#</sup> |
| Mr. Hitesh Reshamwala    | -                     | -                              | -       | -                 | -     | 2.50         | -          | 2.50                 | 36                 |
| Prof. Ranjan Kumar Malik | -                     | -                              | -       | -                 | -     | 1.45         | -          | 1.45                 | Nil                |
| Mrs. Avi Sabavala        | -                     | -                              | -       | -                 | -     | 1.55         | -          | 1.55                 | Nil                |

<sup>#</sup> Excludes shares held jointly as second holder.

## VII. Remuneration to Managing Director:

At the time of appointment or re-appointment, the Managing Director shall be paid such remuneration as may be mutually agreed between the Company (which includes Nomination & Remuneration Committee and the Board of Directors) and the Managing Director within the overall limits prescribed under "the Act" and subject to approval of the Members of the Company in General Meeting.

## VIII. Remuneration to Non-Executive Directors:

The Non-Executive Directors are entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board Meetings. The Non-Executive Directors are entitled to receive sitting fees for each meeting of the Board of Directors of such sum as may be approved by the Board of Directors within overall limits prescribed under "the Act" and the Companies (Managerial Remuneration) Rules, 2014.

The Independent Directors of the Company shall not be entitled to participate in Stock Option Scheme of the Company, if any, introduced by the Company.

The Company has also adopted "Terms and Conditions for Appointment of Independent Directors and Familiarization Programme for Independent Director" Policy and "Criteria of Making Payments to Non-Executive Independent Directors" Policy and the same has been posted on Company's website at <https://neogenchem.com/company-policy/>

## IX. Remuneration to Senior Management Employees:

In determining the remuneration of senior management employees (that is KMPs and Executive Committee Members) the Nomination and Remuneration Committee shall consider the following:

- The relationship of remuneration and performance benchmark is clear.
- The fixed pay short and long-term performance objectives appropriate to the working of the Company and its goals.
- The components of remuneration include salaries, perquisites and retirement benefits
- The remuneration including annual increment and performance incentives is decided based on criticality of the roles and responsibilities, the company's performance vis-à-vis the annual budget achievement, industry benchmark and current compensation trends in the market.
- The Management will carry out individual performance review based on the standard appraisal matters and after considering the appraisal score card and other factors mentioned herein above, recommends the annual increment to the Nomination & Remuneration Committee for its review and approval.

### C. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

Pursuant to Section 178 of the Act and Regulation 20 of the Listing Regulations, the Board of Directors has duly constituted the Stakeholders' Relationship Committee.

#### i) Brief description of terms of reference:

The Committee reviews the performance of the Company's Registrar and Transfer Agent and also recommends the Board measures for overall improvement for better investor grievance redressal services.

#### iii) Composition and Attendance:

The Stakeholders' Relationship Committee met once during the year, that is, on November 12, 2019

| Sr. No. | Name                     | Category                   | Designation | No. of Meetings |          |
|---------|--------------------------|----------------------------|-------------|-----------------|----------|
|         |                          |                            |             | Held            | Attended |
| 1       | Prof. Ranjan Kumar Malik | Non-Executive, Independent | Chairman    | 1               | 1        |
| 2       | Dr. Harin Kanani         | Executive                  | Member      | 1               | 1        |
| 3       | Mr. Shyamsunder Upadhyay | Executive                  | Member      | 1               | 1        |

The Company Secretary acts as the Secretary to the committee. Company Secretary shall be the Compliance Officer as per Listing Regulations. The previous Annual General Meeting held on September 20, 2019 was attended by Prof. Ranjan Kumar Malik, the Chairman of Stakeholders Relationship Committee.

#### iv) Investors Complaints:

During the financial year under review the company had received 16 requests from its shareholders pertaining to delivery of hard copy of Annual Report, issue of fresh DDs for Dividend declared for FY 2018-19, which were processed and resolved within the prescribed timelines.

Further no complaints were received during the FY 2019-20. There were no outstanding/ pending compliant as at the financial year ended March 31, 2020.

#### ii) Roles and Objectives:

- o To look into complaints of shareholders and investors pertaining to transfer / transmission of shares, non-receipt of share certificates, non-receipt of dividends, non-receipt of annual reports, issue of duplicate share certificates and other miscellaneous complaints.
- o The Committee is responsible for satisfactory Redressal of Investors' complaints.
- o The Stakeholder Relationship Committee also has a role as defined under Regulation 20 (4) of SEBI Listing Regulations.

#### v) Name, designation and address of Compliance Officer:

**Ms. Unnati Kanani**

Company Secretary  
 1002, 10<sup>th</sup> floor, Dev Corpora Building,  
 Cadbury Company, Pokhran Road no.2,  
 Thane (west), Mumbai 400601

### D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

Pursuant to the requirements of Section 135 of the Act and The Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of the Company has duly constituted the Corporate Social Responsibility (CSR) Committee.

The CSR Policy of the Company is available on the website of the Company at <https://neogenchem.com/company-policy/>. The details of CSR Policy of the Company has also been disclosed in the Director's Report section of Annual Report.

## I. CSR Committee Meeting:

The CSR committee met 1 time during the year that is on November 12, 2019.

## II. Composition and Attendance:

| Sr. No. | Name               | Category                       | Designation | No. of Meetings |          |
|---------|--------------------|--------------------------------|-------------|-----------------|----------|
|         |                    |                                |             | Held            | Attended |
| 1       | Mr. Haridas Kanani | Executive                      | Chairman    | 1               | 1        |
| 2       | Mrs. Avi Sabavala  | Non-Executive, Independent     | Member      | 1               | 1        |
| 3       | Mr. Anurag Surana  | Non-Executive, Non-Independent | Member      | 1               | 1        |

The Company Secretary acts as the Secretary to the committee.

## III. Terms of reference of the Corporate Social Responsibility Committee:

- Formulation and recommendation to the Board, a corporate social responsibility policy and subsequent amendments as required from time to time;
- Ensuring that the corporate social responsibility policy shall include/ indicate the activities to be undertaken by the companies as specified in Schedule VII of the Companies Act, 2013 and the rules made there under, from time to time excluding the activities undertaken in pursuance of its normal course of business;
- Monitoring the corporate social responsibility policy by instituting a transparent monitoring mechanism for implementation of the corporate social responsibility projects or programs or activities undertaken by the Company from time to time;
- Recommendation of the annual budget for the corporate social responsibility activities of our Company in compliance with the relevant statutory provisions;
- Assistance to the Board to ensure that our Company spends towards the corporate social responsibility activities in every Fiscal, such % of average net profit/ amount as may be prescribed in the Companies Act, 2013 and/ or rules made thereunder;
- Providing explanation to the Board if the Company fails to spend the prescribed amount within the financial year;
- Providing updates to our Board at regular intervals of six months on the corporate social responsibility activities;
- Regulation of its own proceedings subject to the terms of reference;
- Reviewing and recommending the corporate social responsibility plan for the ensuing Fiscal to our Board;
- Approval of any project that may come during the year and which is not covered in the corporate social responsibility plan up to such amount as may be prescribed by our Board from time to time; and
- Performance of such other functions as the Corporate Social Responsibility Committee may deem appropriate after the approval of the Board, or as may be directed by the Board from time to time.

#### 4. GENERAL BODY MEETING:

The details of Annual General Meeting (AGM) and Extra ordinary General Meeting (EGM) during last three financial years are:

| Date               | General Meeting | Time      | Location                                                                                                                 | Special Resolutions Passed with Super Majority                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------|-----------------|-----------|--------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| September 20, 2019 | AGM             | 4.00 P.M. | Hotel Tip Top Plaza, Near Check Naka, L.B.S Marg, Thane West- 400604                                                     | <ul style="list-style-type: none"> <li>Reappointment of Mr. Hitesh Reshamwala as an Independent Director of the Company for Second Term of Five Consecutive Year</li> <li>Reappointment of Mr. Sanjay Mehta as an Independent Director of the Company for Second Term of Five Consecutive Years</li> </ul>                                                                                                                                                                                                                        |
| October 16, 2018   | EGM             | 4.00 P.M. | 1002, 10 <sup>th</sup> floor, Dev Corpora Building, Cadbury Company, Pokhran Road No. 2, Thane (w). 400601               | <ul style="list-style-type: none"> <li>Change in terms of appointment of Dr. Harin Kanani, Managing Director of the company.</li> <li>Approval of Initial Public Offer (IPO).</li> </ul>                                                                                                                                                                                                                                                                                                                                          |
| September 8, 2018  | EGM             | 9.00 A.M. | 1002, 10 <sup>th</sup> floor, Dev Corpora Building, Cadbury Company, Pokhran Road No. 2, Thane (w). 400601               | <ul style="list-style-type: none"> <li>Approval of Conversion of 1,30,000 Optionally Convertible Preference Shares into 78,793 Equity Shares</li> </ul>                                                                                                                                                                                                                                                                                                                                                                           |
| August 11, 2018    | AGM             | 4:30 P.M. | Office No.1002, 10 <sup>th</sup> Floor, Dev Corpora Building, Opp. Cadbury Co, Pokhran Road No. 2, Khopat, Thane- 400601 | <ul style="list-style-type: none"> <li>Re-appointment of Mr. Haridas Kanani as a Managing Director.</li> <li>Adoption of New set of Article of Association of Company as per Companies Act, 2013.</li> <li>Revision in Remuneration of Dr. Harin Kanani, Managing Director of the Company.</li> <li>Revision in Remuneration of Mr. Shyamsunder Upadhyay, Director of the Company.</li> <li>Change of Terms of Optionally Convertible Preference Shares of the Company and Conversion/ Redemption of Preference Shares</li> </ul> |
| July 22, 2017      | AGM             | 3:00 P.M. | Hotel Fortune Park, Lake City, Near Jupiter Media Park, Agrata Conference Hall, Eastern Express Highway, Thane- 400604   | Not Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

#### 5. MEANS OF COMMUNICATION:

##### a. Quarterly Results:

The Company was listed on BSE Limited and National Stock Exchange of India Limited on May 8, 2019.

The Company had published its quarterly and yearly financial results for the financial year ended March 31, 2020 on both the exchanges on May 23, 2020.

##### b. Newspapers in which Results normally Published:

The Company publishes its quarterly, half yearly and yearly results in one English daily newspaper

(Financial Express) and one Marathi newspaper (Navshakti) within 48 hours of approval of results as per Listing Regulations.

##### c. Website

The results of the Company are also displayed on the website of the Company at <https://neogenchem.com/annual-reports/> and also on the website of the Stock Exchanges where the shares of the Company are listed, that is, [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

The Company has designated [investor@neogenchem.com](mailto:investor@neogenchem.com) exclusively for investor servicing.

**d. Official News Release:**

The Company publishes information/ update on its financial results and also displays official news releases in the investor relations section of its website [www.neogenchem.com](http://www.neogenchem.com) and also on the website of the Stock Exchanges where the shares of the Company are listed, that is, [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com)

**e. Presentations and Analyst Meet:**

The Company holds analysts/ investors meet for investors regarding the Company's working and future outlook, the intimation of the same, the Earnings Presentation of Investors Calls for discussion on Quarterly, Half Yearly and Yearly Financials and Transcripts of said Investor call is uploaded in the investor relations section of its website <https://neogenchem.com/investor-meet-presentation/> and also on the website of the Stock Exchanges where the shares of the Company are listed, that is, [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com)

**f. SEBI Complaints Redress System (SCORES):**

The investors' complaints are also being processed through the centralized web base complaints redress system. The salient features of SCORES are availability of centralised data base of the complaints, uploading online action taken reports by the Company. Through SCORES the investors can view online, the actions taken and current status of the complaints. The Board reviews the Investor Complaints at SCORES on a quarterly basis.

**f) Market Price and Shares data**

The Company got listed on May 8, 2019 at BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). The High, Low and number of equity shares traded during each month in the FY 2019-20 on BSE and NSE is as given hereunder:

| Month  | BSE        |           |                         | NSE        |           |                         |
|--------|------------|-----------|-------------------------|------------|-----------|-------------------------|
|        | High Price | Low Price | No. of Shares (in lacs) | High Price | Low Price | No. of Shares (in lacs) |
| May-19 | 318.5      | 240.55    | 9.78                    | 319.8      | 243       | 49.8                    |
| Jun-19 | 412        | 290.6     | 7.64                    | 403.7      | 291.5     | 45.23                   |
| Jul-19 | 369        | 315.45    | 0.82                    | 371        | 315       | 6.95                    |
| Aug-19 | 381.05     | 301       | 0.45                    | 382.05     | 288.95    | 6.29                    |
| Sep-19 | 364.35     | 307       | 0.68                    | 364        | 306.05    | 7.58                    |
| Oct-19 | 417        | 342       | 0.46                    | 417.9      | 342.6     | 5.03                    |
| Nov-19 | 410        | 345       | 0.39                    | 409        | 343.95    | 4.51                    |
| Dec-19 | 380        | 345       | 0.15                    | 375        | 345       | 3.17                    |
| Jan-20 | 419.4      | 349.5     | 0.32                    | 419        | 345.55    | 6.31                    |
| Feb-20 | 554.8      | 373.45    | 3.83                    | 554.4      | 370.5     | 34.69                   |
| Mar-20 | 525        | 310       | 0.64                    | 525        | 303.25    | 6.63                    |

(Source: Websites of BSE and NSE)

**6. GENERAL SHAREHOLDER INFORMATION:**

**a) Annual General Meeting** - Day, Date & Time are given below:

| AGM - Day, Date & Time                | Venue                                                                                                                                                                                                                   |
|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Monday, September 28, 2020 at 5.00 pm | The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM. |

**b) Financial Year** : April 01, to March 31.

**c) Book Closure/Record Date:** Book Closure period shall be from Saturday, September 19, 2020 to Monday, September 28, 2020 (Both days inclusive) for the purpose of AGM and dividend and the Record Date is Friday September 18, 2020.

**d) Dividend Payment date:** within 30 days from the date of declaration.

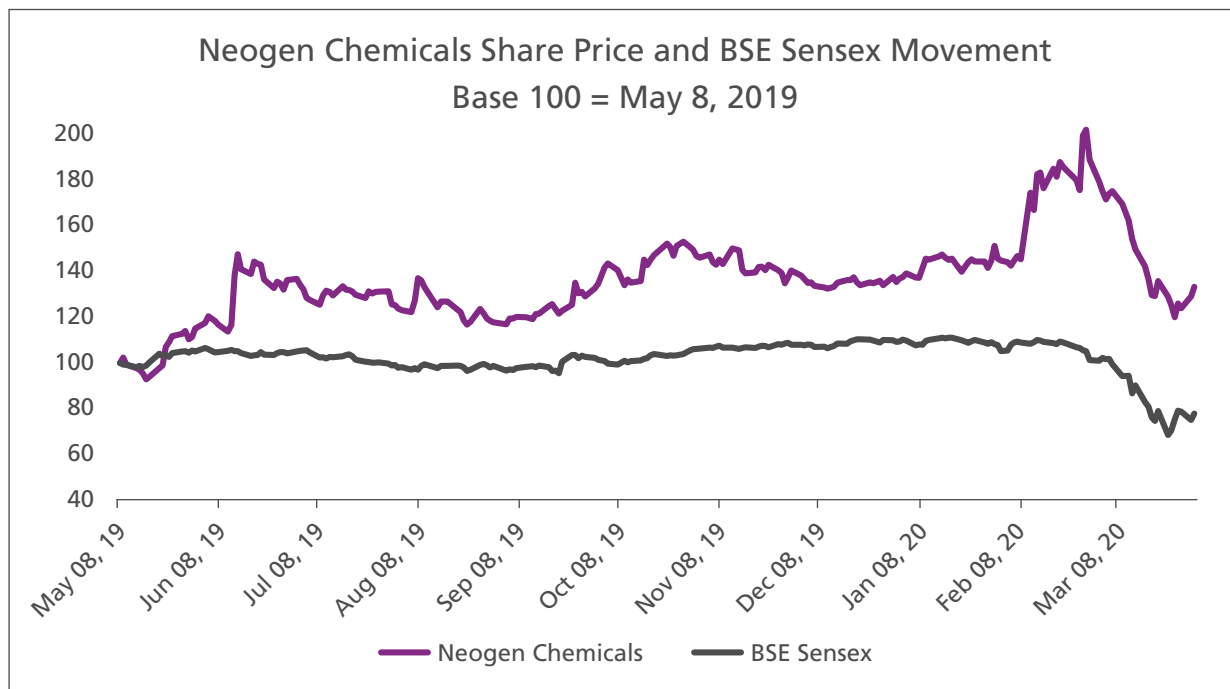
**e) Listing:**

| Name of the Exchange                     | Stock Code |
|------------------------------------------|------------|
| BSE Limited (BSE)                        | 542665     |
| National Stock Exchange of India Limited | NEOGEN     |

Annual Listing Fee has been paid to the BSE Limited (BSE) and National Stock Exchange of India Limited for the year 2020 - 21.



- g) **Performance of the share price of the Company (on BSE) in comparison to the BSE Sensex from May 8, 2019 to March 31, 2020 is:**



Note: Share price on daily closing basis

**h) Registrar & Share Transfer Agents:**

Subsequent to listing of shares of the company on BSE and NSE, the company has appointed M/s. Link Intime India Private Limited (Formally known as Intime Spectrum Registry Limited) as its Registrar and Share Transfer Agent maintain the register of Shareholders/ Members of the Company and to carry out the share transfer work on behalf of the Company. The investors can reach out to Link Intime India Private Limited at below mentioned contact details:

**Link Intime India Private Limited**

C-101, 1st Floor, 247 Park, L.B.S. Marg,  
 Vikhroli (West), Mumbai, Maharashtra -400083  
 Phone: 91- 22 49186000; Fax: +91 22 49186060  
 Website: [www.linkintime.co.in](http://www.linkintime.co.in)  
 Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**i) Share Transfer System:**

Transfer of Equity Shares which are in electronic form (demat form) are effected through depositories with no involvement of the Company.

To facilitate the speedy approvals and administrative convenience, the Board has formed a Stakeholders'

Relationship Committee, represented by the Board of Directors, to examine the share transfer and related applications. The Committee supervises and ensures efficient transfer of shares and proper and timely attendance of such applications. The committee has been delegated the power of approving transfer, transmission, rematerialisation, dematerialization etc. of physical shares of the Company. Physical share transfers are processed and duly endorsed share certificates are dispatched within a period of fifteen days from the date of receipt, subject to documents being valid and complete in all respects. In terms of requirements to amendments to Regulation 40 of Listing Regulations w.e.f April 1, 2019, transfer of securities in physical form shall not be processed unless the securities are held in the dematerialised form with a depository. As on March 31, 2020, all the equity shares of the Company were held in dematerialized form.

As of March 31, 2020, the Stakeholders' Relationship Committee consists of 3 (three) members as mentioned above in detail and the share transfer/ transmission / Transposition requests are processed through M/s Link Intime India Private Limited.

j) **Shareholding Pattern as on March 31, 2020:**

| Category of shareholder                                      | No. of Shares      | % age of shareholding |
|--------------------------------------------------------------|--------------------|-----------------------|
| <b>A. Promoter &amp; Promoter Group</b>                      |                    |                       |
| 1) Indian                                                    |                    |                       |
| Indian Individual                                            | 15335728           | 65.72                 |
| Indian Body Corporate                                        |                    |                       |
| 2) Foreign                                                   |                    |                       |
| Individuals (NRI/Foreign Individuals)                        | 10,00,000          | 4.29                  |
| <b>Total Promoter Holding (A)</b>                            | <b>1,63,35,728</b> | <b>70.01</b>          |
| <b>B. Public Shareholding</b>                                |                    |                       |
| 1) Financial Institutions / Banks                            | 25                 | 0.00                  |
| 2) Mutual Funds                                              | 3964489            | 16.99                 |
| 3) Foreign Portfolio Investors/ Alternative Investment Funds | 160618             | 0.69                  |
| 4) Non- institutions                                         |                    |                       |
| Individual share capital upto Rs. 1 Lakh                     | 1584323            | 6.79                  |
| Individual share capital in excess of Rs. 1 Lakh             | 694143             | 2.97                  |
| 5) Any Other (Specify)                                       |                    |                       |
| a) Body Corporate                                            | 438454             | 1.88                  |
| b) Non Resident Indians                                      | 67867              | 0.29                  |
| c) Clearing Members                                          | 13746              | 0.06                  |
| d) HUFs                                                      | 75213              | 0.32                  |
| <b>Total Public Shareholding (B)</b>                         | <b>6998878</b>     | <b>29.99</b>          |
| <b>Total Shareholding = A + B</b>                            | <b>23334606</b>    | <b>100.00</b>         |

k) **Distribution of Shareholding as on March 31, 2020:**

| Shareholding of Shares | Number of Shareholders | % to share holders | Total Shares held | % of Shareholding |
|------------------------|------------------------|--------------------|-------------------|-------------------|
| 1 to 500               | 8808                   | 94.06              | 600448            | 2.57              |
| 501 - 1000             | 237                    | 2.53               | 184504            | 0.79              |
| 1001 - 2000            | 134                    | 1.43               | 191579            | 0.82              |
| 2001 - 3000            | 54                     | 0.58               | 138398            | 0.59              |
| 3001 - 4000            | 23                     | 0.25               | 80544             | 0.35              |
| 4001 - 5000            | 15                     | 0.16               | 70209             | 0.30              |
| 5001 - 10000           | 34                     | 0.36               | 243352            | 1.04              |
| 10001 - 20000          | 24                     | 0.26               | 346255            | 1.48              |
| 20001 - 30000          | 3                      | 0.03               | 65856             | 0.28              |
| 30001 - 40000          | 4                      | 0.04               | 133252            | 0.57              |
| 40001 - 50000          | 3                      | 0.03               | 131165            | 0.56              |
| 50001 - 100000         | 4                      | 0.04               | 299075            | 1.28              |
| 100001 - above         | 21                     | 0.22               | 20849969          | 89.35             |
| <b>Total</b>           | <b>9364</b>            | <b>100.00</b>      | <b>23334606</b>   | <b>100.00</b>     |

l) **Dematerialization of Shares and Liquidity:**

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the Depositories in India that is National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Securities Identification Number (ISIN) allotted to the Company is INE136S01016 for dematerialization of shares. As on March 31, 2020, all the equity shares were held in dematerialized form.

**m) Plant locations:**

1. Plot No. 43, Trans- Thane Creek Industrial Area, TTC MIDC, Village Mahape, Navi Mumbai- 400710, Maharashtra
2. Plot No. 526A, Off Padra Jambusar Road, Village Karakhadi, Tal. Padra, Dist- Vadodara- 391450, Gujarat
3. Plot no 7/109, Dahej SEZ Village Lakhigam, Vagara Dist, Bharuch, Gujarat.

**n) Address for Correspondence:**

**Company:**

Ms. Unnati Kanani  
Company Secretary  
Secretarial Department  
Office No, 1002 10th Floor Dev Corpora  
Bldg Opp. Cadbury Co, Pokhran Road No.2  
Khopat Thane 400601  
Tel: +91 22 2549 7300 Fax: +91 22 25497399  
Email: investor@neogenchem.com  
Website: www.neogenchem.com

**Address for Correspondence with Registrar and Share Transfer Agent:**

Link Intime India Private Limited  
C-101, 1<sup>st</sup> Floor, 247 Park, L.B.S Marg,  
Vikroli (West), Mumbai, Maharashtra- 400083  
Telephone No: +91 22 49186000  
Fax No: +91 22 49186060  
Website: www.linkintime.co.in  
Email: rnt.helpdesk@linkintime.co.in

**o) Unclaimed Dividend:**

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years and therefore transfer of unclaimed and unpaid dividend as well as transfer of shares to IEPF is not applicable for the FY 2019-20.

**p) Code of Conduct:**

The Board of Directors has adopted the code of conduct for Directors and senior management. The said code has been communicated to the Directors and the members of the senior management. They have confirmed compliance with the said code. The code has been uploaded on the Company's website, namely, <https://neogenchem.com/company-policy/>

**q) CEO / CFO Certification:**

A certificate from the Managing Director and CFO on the Financial Terms of the Company in terms of

Listing Regulations was placed before the Board, who took the same on record.

**r) Management Discussion and Analysis:**

The detailed Management Discussion and Analysis are given as a separate section in this Annual Report.

**s) Reconciliation of Share Capital:**

The Reconciliation of Share Capital Audit was conducted by M/s DVD & Associates on a quarterly basis and their report on the same was submitted on the website of the Stock Exchanges where the shares of the Company are listed, that is, [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

**t) Credit Ratings:**

As on March 31, 2020, the Company had a short term credit rating of CRISIL A2 and a long term rating of CRISIL BBB+/Positive by CRISIL. The Credit Rating Letter is also available on the website of the Company at <https://neogenchem.com/announcement-others-financial-year-2019-20-quarter-3/>

During the year under review, the outlook of CRISIL in respect of a long term rating was revised from "Stable" to "Positive" for an enhanced loan facility, which was duly intimated to both the exchanges where the shares of the Company are listed namely BSE Limited and National Stock Exchange of India Limited and also uploaded on the website of the Company at <https://neogenchem.com/announcement-others-financial-year-2019-20-quarter-3/>

**7. OTHER DISCLOSURES:**

**a) Disclosure on materially significant related party transactions:**

During the FY 2019-20, there was no materially significant related party transaction that may have potential conflict with the interests of the Company at large. Related party transactions during the year have been disclosed as part of financial statements as required under Indian Accounting Standard issued by The Institute of Chartered Accountants of India. The Audit Committee reviews these transactions and the transactions executed with the related party(ies) were in the ordinary course and an arm's length has been maintained in the transaction. The Company has not entered into any new material contract or arrangement with related parties during the year under review. The Policy on Related Party Transactions has been uploaded on the website of the Company, that is, <https://neogenchem.com/company-policy/>.

**b) Details of Non-compliance by the listed entity:**

There were no instances of non-compliance by the company or penalties, strictures imposed on the company by stock exchanges or SEBI or any other statutory authority on any matter related to capital markets, during the reporting period of last three years.

**c) Details of establishment of vigil mechanism, whistle-blower policy and affirmation that no personnel have been denied access to the Audit Committee:**

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. The Company has Whistle-blower policy wherein the employees are encouraged to report violation of laws, rules and regulations. The confidentiality of such reporting is maintained and is not subject to any discriminatory practice. We affirm that no employee has been denied access to the Audit Committee. The said Whistle-Blower Policy has been hosted on the website of the Company, namely, <https://neogenchem.com/company-policy/>. The Company has also constituted the Vigil Mechanism Committee who looks into the said matter.

**d) Details of Code of Conduct and High Standard:**

To promote ethical conduct and maintain high standards in carrying out business transactions of the company, a Code of Conduct has been laid down for procedures to be followed by Board members and the senior management employees. This code is also posted on the Company's website, namely, <https://neogenchem.com/company-policy/>.

**e) Statement of Deviation / Variation in utilization of Funds as required under Regulation 32**

The Company had successfully made its Initial Public Offer (IPO) of 61,55,813 Equity Shares @ Rs. 215/- (including a share premium of Rs. 205/-) per equity shares of Rs. 10/- each which includes a fresh issue of 32,55,813 Equity Shares of Rs. 10/- each for raising funds for the Company to the tune of Rs. 7,000 Lakhs and Offer for Sale of 29,00,000 Equity Shares of the Promoter and Promoter Group shareholders having face value of Rs. 10/- each of the Company aggregating to approximately Rs. 6,235 Lakhs. Pursuant to which the equity share capital of the Company increased from 2,00,78,793 Equity Shares of face value of Rs. 10 each at the beginning of the year to 2,33,34,606 Equity Shares of face

value of Rs. 10 each at the end of the FY 2019-20. The Equity Shares of the Company were listed on BSE Limited and National Stock Exchange of India Limited on May 8, 2019.

The IPO proceeds were utilized as per the objects stated in the prospectus of the Company and there was no deviation/ variation in utilization of funds raised through Public Issue and Offer for Sale. Further there was no outstanding/ unutilized amount as at March 31, 2020. The Company has submitted the disclosure in respect of the same to both the exchanges where the shares of the Company are listed namely BSE Limited and National Stock Exchange of India Limited as required by Regulation 32 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A certificate in this regard has been obtained the Statutory Auditors of the Company confirming the utilization of the IPO proceeds as per the objects stated in the prospectus of the Company.

**f) Mandatory and Non Mandatory Requirements**

The Company has complied with all the mandatory requirements of the Listing Regulations and the adoption of the discretionary requirements by the Company is reviewed by the Company from time to time. The status of compliance with the non-mandatory requirements listed in Part E of Schedule II of the Listing Regulations is:

- The Company's half yearly, are published in leading English and Hindi newspaper and also uploaded on the website of the Company and exchanges where the shares of the Company are listed, namely, [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).
- There is no qualification in the Audit Report and the Company has submitted financials statements with unmodified opinion.
- The Internal Auditors of the Company are present in the Audit Committee Meeting and they report to the Audit Committee.

- g)** Total fees for all services paid by the Company, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part: Rs. 12 lakhs (Including Taxation and other matter)

- h)** Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has set up an Internal Complaints Committee to look into the complaints relating to sexual harassment of a women employee at work place and implementation of the said policy. The Company has also adopted a policy for prevention of Sexual Harassment of Women at workplace pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review the Company has not received any such complaint of harassment.

- i)** Compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of regulation 46 of SEBI Listing regulations.

The Company has duly complied with the Corporate Governance requirements as specified in the above mentioned regulations.

- j)** Declaration regarding compliance with the Code of Ethics for board of directors, Key Managerial Personnel and other Members of Senior management.

The Company has adopted a Code of Ethics for board of directors, Key Managerial Personnel and other Members of Senior management in accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Compliance with the Code has been confirmed by the Managing Director of the Company on behalf of the Board, Key Managerial Personnel's and Senior Management.

## **DECLARATION**

### **Compliance with Code of Conduct**

I, Mr. Haridas Kanani, Chairman and Managing Director of Neogen Chemicals Limited, hereby affirm and declare, to the best of my knowledge and belief and on behalf of the Board of Directors of the Company, Key Managerial Personnel's and Senior Management Personnel, that:

- The Board of Directors has laid down a Code of Conduct for all Board Members, Key Managerial Personnel's and Senior Management of the Company;
- The Code of Conduct has been posted on the website of the Company;
- The Code of Conduct has been complied with.

For Neogen Chemicals Limited

Sd/-

**Mr. Haridas Kanani**

Chairman & Managing Director  
DIN: 00185487

### **Managing Director and Chief Financial Officer Certifications**

The Managing Director and CFO have issued a certificate pursuant to the provisions of Listing Regulations certifying that the financial statements do not contain any untrue statements and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed.

**Certification by Chief Executive Officer (CEO) and Chief Financial Officer (CFO)****[IN TERMS OF REGULATION 17(8) OF SEBI (LODR) REGULATIONS, 2015]**

- i. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2020 and 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.
- ii. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- iii. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and Audit Committee, deficiencies in the design and operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- iv. We have indicated to the Auditors and Audit Committee:
  - 1. Significant changes in internal control over financial reporting during the year;
  - 2. Significant changes in accounting policies during the year and that the same have 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 significant role in the Company's internal control system over financial reporting.

For Neogen Chemicals Limited

Sd/-

**Mr. Haridas Kanani**

Chairman &amp; Managing Director

DIN: 00185487

Sd/-

**Mr. Mahesh Tanna**

Chief Financial Officer

Dated: May 23, 2020



## CERTIFICATE

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

The Members

**Neogen Chemicals Limited**

Office No, 1002 10<sup>th</sup> Floor Dev Corpora

Bldg. Opp. Cadbury Co Pokhran Road No. 2

Khopat, Thane 400601

We have examined the relevant books, papers, minutes books, forms and returns filed, Notices received from the Directors during the last financial Year, and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives of (Neogen Chemicals Limited, CIN: L24200MH1989PLC050919) having its Registered office at Office No, 1002 10th Floor Dev Corpora Bldg. Opp. Cadbury Co Pokhran Road No. 2 Khopat, Thane 400601 for the purpose of issue of a 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) 2015 (LODR), as amended vide notification no SEBI/LAD/NRO/GN/2018/10 dated May 9, 2018 issued by SEBI.

In our opinion and to the best of our knowledge and based on such examination as well as information and explanations furnished to us, which to the best of our knowledge and belief were necessary for the purpose of issue of this certificate and based on such verification as considered necessary, we hereby certify that None of the Directors as stated below who are on the Board of the Company as on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by SEBI/Ministry of Corporate Affairs or any such other statutory authority.

| Sr. No. | DIN      | Name of the Director                | Designation       | Date of Appointment |
|---------|----------|-------------------------------------|-------------------|---------------------|
| 1       | 00002817 | Mr. Sanjay Natwarlal Mehta          | Director          | September 25, 2012  |
| 2       | 00006665 | Mr. Anurag Surana                   | Director          | May 15, 2017        |
| 3       | 00185487 | Mr. Haridas Thakarshi Kanani        | Managing Director | March 07, 1989      |
| 4       | 00367482 | Mr. Hitesh Bharatkumar Reshamwala   | Director          | September 15, 2014  |
| 5       | 05136947 | Dr. Harin Haridas Kanani            | Managing Director | July 15, 2013       |
| 6       | 07274873 | Mr. Shyamsunder Radheshyam Upadhyay | Director          | July 27, 2015       |
| 7       | 08221989 | Prof. Ranjan Kumar Malik            | Director          | October 06, 2018    |
| 8       | 08246256 | Mrs. Avi Kersi Sabavala             | Director          | October 06, 2018    |

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For DVD & Associates  
Company Secretaries

**Mr. Devendra V. Deshpande**

Proprietor

FCS 6099 CP 6515

UDIN: F006099B000584853

Place: Pune

Date: August 8, 2020

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Members,  
**Neogen Chemicals Limited**

We have examined the compliance of conditions of Corporate Governance by Neogen Chemicals Limited (the Company) for the year ended on March 31, 2020, as stipulated under Regulation 15 (2) read with Schedule V Part E of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state 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.

FOR JMT & Associates  
Chartered Accountants  
Firm Registration Number: 0104167W

Place: Thane  
Date: August 8, 2020

**Mr. Sanjay Pichholia**  
Partner  
Membership No.: 122651  
UDIN: 20122651AAAADQ8057

# MANAGEMENT DISCUSSION AND ANALYSIS

## Industry Outlook

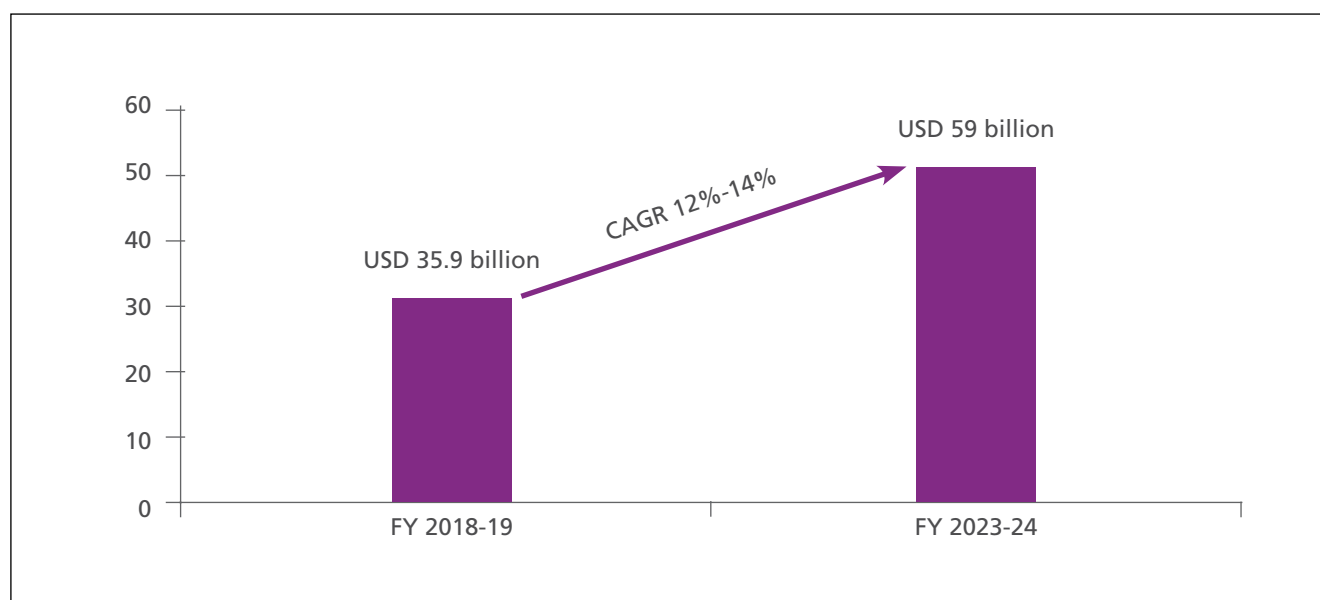
Specialty chemicals are a niche segment of relatively high value low volume chemicals, which are targeted at various applications in specific end user industries. According to a recent report by Allied Market Research, the global specialty chemicals market was valued at USD 711.0 billion in 2019, and is estimated to reach USD 953.9 billion by 2027 - with a Compound Annual Growth Rate (CAGR) of 5.0%.

## Indian Specialty Chemical Industry

According to the Federation of Indian Chambers of Commerce and Industry (FICCI), the specialty chemical industry in India had a market size of USD 35.9 billion in FY 2018-19. FICCI further projected a CAGR of 12%-14% for specialty chemical industry to reach a market size of USD 59 billion by FY 2023-24.\*

## Specialty Chemical Industry

### Growth Projection



The specialty chemical industry contributes about 22% of the total chemical industry. The industry has a domestic as well as an export market. India's specialty chemical manufacturing sector with its availability of good academic talent, low operating overheads, better manufacturing and compliance standards, stringent environment policy, availability of feedstock and skilled labour can be the next preferred exporter for global players.

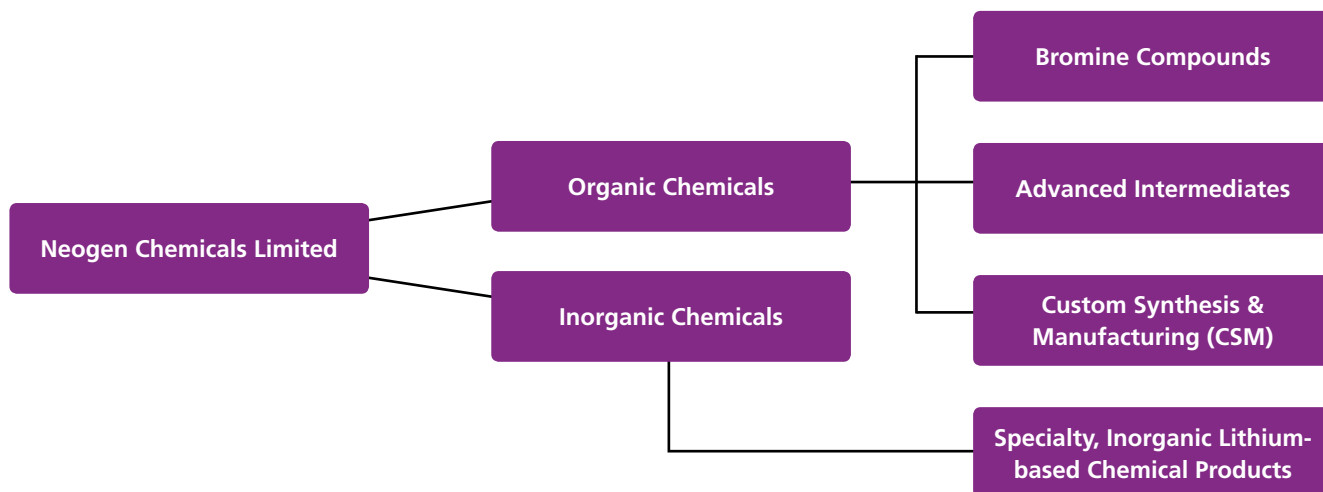
Neogen Chemicals is one of the largest manufacturers of Specialty Bromine Derivatives, Lithium Salts and Grignard Compounds in India. Neogen also exports such specialty compounds to major geographies like US, Europe and Japan to pharmaceutical, agrochemical, engineering and other specialty chemical companies. Its list of customers includes innovator and generic companies all over the world.

\*<https://issuu.com/marketsmithindia/docs/marketsmithchemsecpicks2020>

## Company Overview

Neogen Chemicals Limited (Neogen) is a leading manufacturer of bromine and lithium-based specialty chemicals in India supplying to multiple end user industries. The specialty chemicals manufactured by Neogen Chemicals are further segregated into organic and inorganic chemicals.

### Product Portfolio



## Manufacturing Infrastructure

Neogen operates out of its three manufacturing facilities. These are located in Mahape, Navi Mumbai in Maharashtra and Karakhadi, Vadodara and Dahej SEZ in Gujarat and are spread across a land area of approximately 52 acres. Neogen's aggregate manufacturing capacity of Organic Chemicals is 1.30 lakh litres of GLR, which, after the commencement of its operations at Dahej SEZ, Gujarat is expected to increase up to 2.56 lakh litres of GLR by the fourth quarter of FY 2020-21. Neogen's aggregate manufacturing capacity of Inorganic Chemicals is 1,200 MT p.a., which, after the commencement of its operations at Dahej SEZ, Gujarat is approximately 2,400 MT p.a. which is specified in detail in Neogen's prospectus issued at the time of Initial Public Offering (IPO).

### 1. Organic Chemicals

- I. These are chemicals containing carbon in combination with hydrogen, and, or, other elements with a covalent bond (that is a chemical bond between atoms sharing at least one pair of electrons between them). Our product offering in this segment comprises bromine compounds and other organic compounds containing chlorine, fluorine and iodine-based and combinations thereof. In addition, we also manufacture niche products such as organometallic compounds known as Grignard reagents. Our specialty organic chemical compounds find use in application industries such as pharmaceutical, agrochemical, flavour and fragrance

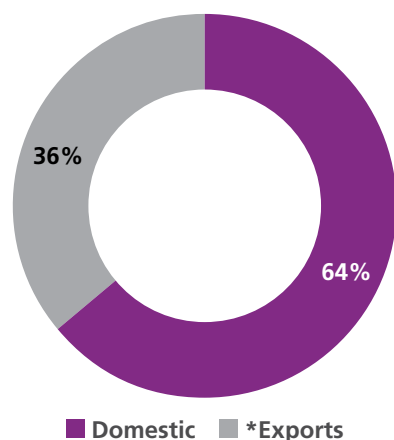
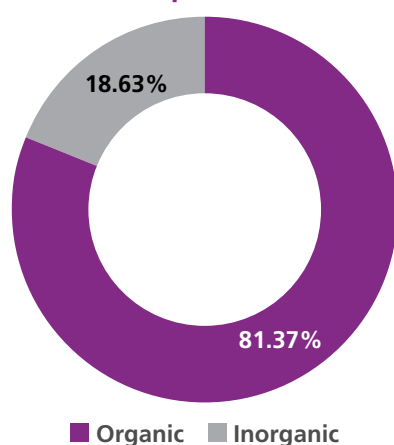
and electronic-chemical. We market and sell our products in India and export our products primarily to Europe, USA and Japan.

- II. Advanced intermediaries combine bromination with other chemistries to create forward integrated value-added products to be used as intermediates for manufacturing of Active Pharmaceutical Ingredients (API), Agrochemical Active Ingredients (AI) and other Specialty Chemicals like Aroma Chemicals Polymer Additives etc.
- III. Neogen has also initiated the business model of custom synthesis and contract manufacturing. In custom synthesis, the product is developed and customized primarily for a specific customer, but process know-how and technical specifications are developed in-house. Further, Neogen has, more recently, also commenced contract manufacturing where, the product is developed under confidentiality clause for a single customer using the basic process know-how and the technical specifications provided by the customer with additional process development and scale-up carried out by Neogen. Contract manufacturing has enabled Neogen to increase its bouquet of product offerings. Neogen differentiates itself in the contract manufacturing space by additionally offering process innovation, which, generally, reduces the overall operating costs for its customers.

## 2. Inorganic Chemicals

These are chemicals with an ionic bond (that is, a chemical bond between a non-metal and a metal ion involving transfer of electron from one element to another, creating positively and negatively charged ions which together form the compound). Neogen's product offering in this segment primarily comprises Lithium Compounds and certain specialty bromine derivatives. The Lithium Compounds manufactured by Neogen are used in eco-friendly Vapor Absorption Machines (VAM) for cooling air/water/process equipment and find application in industries, such as, heating ventilation and air-conditioning (HVAC) and refrigeration, construction chemicals, pharmaceutical and specialty polymer. Neogen markets and sells Lithium compounds in India and exports products, in particular, to the USA, Europe, Japan and the Middle East.

### Revenue Break-up in FY 2019-20



\*Including deemed exports

### Transforming Challenges into Opportunities

The uncertainty of the initial days of the COVID-19 pandemic affected the pharmaceutical and

health care industries like any other industry with manufacturing and supply disruptions in March 2020. However, both being declared essential commodities, the manufacturing activity restarted by April 2020. Neogen Chemicals falls under essential services provider category as it derives majority of its revenues (over 85%) from Pharma and Agrochemical Industries. As a result, the demand for specialty chemicals remained intact even during the pandemic. Thus barring last few weeks in March 2020 and initial few weeks in April when the supply was somewhat disrupted because of uncertainties of lockdown, Neogen continued majority of its operations.

## Business Development and Strategies

### I. Capacity Expansion

In light of higher demand from exports for lithium based products, Neogen undertook the expansion of its Inorganic Lithium salt manufacturing capacity at the site in SEZ at Dahej with land area of approx. 50,000 m<sup>2</sup>. In addition, Neogen has also invested in setting up of a large plant for manufacturing of Advanced Intermediates at Dahej.

Neogen commissioned its greenfield manufacturing unit for inorganic chemicals at Dahej SEZ in February 2020. Neogen also received new customer approval for Lithium salts and has already started exporting from the plant. Revenue from this new plant and de-bottlenecking initiatives at the existing plants will drive growth for Neogen in the next fiscal. It is well on track for its organic capacity expansion at Dahej SEZ. It is expected to come online in Q4 FY 2020-21 as originally envisaged. Once operational, the plant will double Neogen's organic production capacity and is expected to significantly bolster its performance.

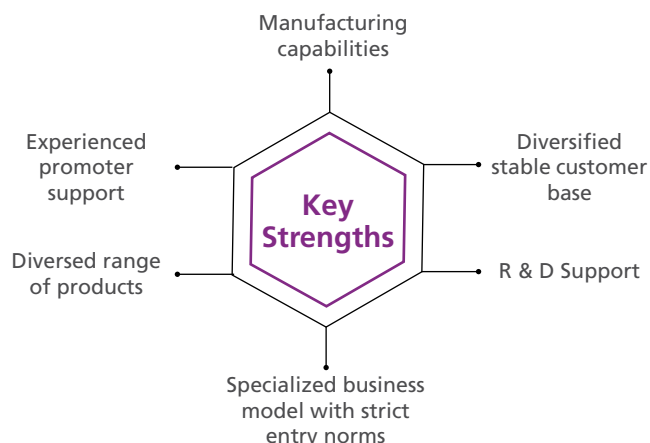
### II. Portfolio Expansion

In addition to the historical business of Bromine Compounds, Neogen has added downstream products where Neogen does multiple step chemistry to manufacture value-added Advanced Intermediates for Pharmaceutical and Agrochemical application. These advanced intermediates are of higher value as compared to traditional organic bromine derivatives and of strategic importance to customers. Neogen has also signed, over last four years, initial contracts for Custom Synthesis and Manufacturing (CSM) Projects with customers in Europe and Japan. Some

of these are already at commercial stage. Neogen's overall performance will be further bolstered by continued higher contribution from advanced specialty intermediates as well as custom synthesis and manufacturing portfolio which due to its multistep chemistry allow more opportunities for innovation. The true value for all will be when Neogen innovates in a way that makes it and the customers both win. The Company has several customers in the pipeline for CSM, which are in different stages of - starting from R&D to pilot manufacturing and full commercial - order supply.

### III. Focus on operational efficiency and functional excellence

In order to manage rapid and sustainable growth, Neogen remains focussed on Organisation Development and Restructuring by adding experienced people in key positions, providing training to enhance skill sets of the existing team, strengthening its R&D competencies and developing systems and processes for better operational controls and to enhance its operational efficiency.



### Financial Performance

#### • Standalone financial performance

Neogen recorded robust all-round performance in FY 2019-20 despite the disruptions caused by the outbreak of COVID-19 towards the end of the fiscal year and the subsequent lockdown. It reported a robust top-line revenue growth of 28% to Rs. 30,612.17 lakh from Rs. 23,905.82 lakh driven by higher demand and optimum capacity utilization. The growth was partially offset by the lockdown impact in the last quarter. Organic chemicals recorded strong revenue growth of about 30% at Rs. 24,884.43 lakh compared to Rs. 19,208.81 lakh in the previous year. While revenues from inorganic

chemicals stood at Rs. 5,727.73 lakh, up 21% from Rs. 4,697 lakh in FY 2018-19. Neogen augmented its earnings before interest, taxes, depreciation and amortisation (EBITDA) by 34% to Rs. 5,805.21 lakh from Rs. 4,341.90 lakh in the previous year, leading to an EBITDA margin of 19% which was higher by 80 basis points. Improved margins were attributed to higher utilization of plant capacity, strategic cost management measures and product mix. Robust operating performance in the year under review increased profit after tax by 37% to Rs. 2,877.24 lakh from Rs. 2,103.67 lakh in FY 2018-19.

#### • Consolidated financial performance

Neogen's consolidated revenue including other income increased by 28% and stood at Rs. 30,612.17 lakh as compared to Rs. 23,905.82 lakh in FY 2018-19. The higher capacity utilisation with better product mix resulted in EBITDA increasing by 32.5% from Rs. 4,341.90 lakh in FY 2018-19 to Rs. 5,805.21 lakh in FY 2019-20. Net profit for FY 2019-20 increased 36.80% to Rs. 2,865.65 lakh as compared to Rs. 2,094.69 lakh in FY 2018-19. Earnings per Share (EPS) for FY 2019-20 grew to Rs. 12.28 as compared to Rs. 10.43 in FY 2018-19.

Neogen's net worth increased to Rs. 15,673.23 lakh as on March 31, 2020 as against Rs. 7,045.96 lakh as on March 31, 2019. Total debt increased to Rs. 13,712.19 lakh as on March 31, 2020 from Rs. 11,998.64 lakh as on March 31, 2019. During the year under review, the Net Fixed Assets increased to Rs. 10,372.21 lakh as against Rs. 8,271.19 lakh, while Cash and Cash Equivalents dropped to Rs. 56.02 lakh compared with Rs. 116.64 lakh in the previous year.

### Significant Changes in Key Financial Ratios

| Ratios                   | FY 2018-19        | FY 2019-20        |
|--------------------------|-------------------|-------------------|
| Operating Profit         | Rs. 4,341.90 lakh | Rs. 5,805.21 lakh |
| Operating Profit Margins | 18.16%            | 18.96%            |
| PAT                      | Rs. 2,103.67 lakh | Rs. 2,877.24 lakh |
| PAT Margins              | 8.80%             | 9.40%             |
| Current Ratio            | 1.37              | 1.55              |
| Inventory Turnover       | 3.91              | 3.03              |
| Net Debt to Equity level | 1.67              | 0.87              |
| Interest Coverage ratio  | 3.46              | 4.46              |
| Debtors Turnover ratio   | 5.01              | 4.36              |
| Return on Net worth      | 29.86%            | 18.36%            |

## COVID-19 IMPACT ON BUSINESS

The COVID-19 outbreak and the lockdown only marginally impacted Neogen. Almost 85% of Neogen's revenue is derived from pharma and agrochemical industries. As such, its operations come under the essential services category. This allowed Neogen to partially continue its operations. Initially, the lockdown forced Neogen to temporarily stop its production in end March and early April 2020. It resumed production in phased manner from April 2020. The plants are currently operating with all requisite health and safety precautions at more than 70% capacity utilization compared to normal 80% capacity utilization. The initial supply chain and logistic issues and scarcity of labour are also getting normalised. Fortunately, there was no major reduction in demand from most of the pharma and agro customers (both domestic and international). Order inflow remained unaffected without any notable order cancellation and the liquidity flow remained comfortable. The lower sales resulted in build-up of unsold stocks and high inventory and non-receipt of payments in last weeks of financial year resulted in higher receivables from clients at the end of the year. Due to higher inventory, the stocks came handy in meeting urgent demands from clients once the factories recommenced operations and Neogen could also resume its international shipments.

Neogen did not avail moratorium offered by the Reserve Bank of India for repayment of its debt. It had adequate liquidity support for meeting its fund requirements.

## Outlook

With the support of all its stakeholders, Neogen continues to serve its customers. The management team believes that with this continued support, Neogen will remain on its growth path in spite of the challenges caused due to the COVID-19 situation. With project work on the greenfield plant for organic chemical at Dahej SEZ also restarting, the management is confident of meeting the timelines for commissioning of this additional capacity by expediting construction activities.

The future impact of COVID-19 on the operations and financials of the Company depends on future developments that are uncertain and unpredictable and while the situation on COVID-19 is still not very clear, the management is continuously monitoring the conditions and has outlined certain measures to combat the pandemic situation and to minimize the impact on its business.

Overall, the outlook for Neogen remains positive and encouraging due to its diversified product portfolio, strong customer base and expertise in the relevant business verticals. It continues with its capacity expansion plan and value-added product development. A robust R&D support remains the backbone for its growth objectives. With growing demand from end-user industries and brand new opportunities brewing in the international market, Neogen is well poised on its growth trajectory.

## Human Resources

Human resources play a key role in enhancing efficiency and driving sustainable growth for any organization. Neogen aims at attracting the best talent in the industry and nurturing it through robust training and development programmes. It believes in implementing progressive employee-centric policies and practices to maintain a balance between organizational growth and individual aspirations. Neogen motivates its employees through regular employee engagement initiatives and undertakes fair and transparent performance appraisal. Being a manufacturer of chemical products, Neogen ensures a safe and conducive work environment for its talented pool of employees, in order to enhance their productivity and create a sense of belonging.

The Company had a team of 247 employees as on March 31, 2020, many of them having more than 25 years of work experience in Neogen.

## Environment, Health and Safety (EHS)

As a manufacturer of high-risk specialty chemicals, Neogen has implemented a strict audit and verification approach across all its plants to ensure that all products and processes comply with its environment, health and safety (EHS) policies, procedures and practices. The Company has also formulated a Corporate Environment Policy and it strictly adheres to compliances and statutes in relation to air emissions, waste water discharges, solid and hazardous waste disposal and the investigation and remediation of contamination or other environmental restoration. It has also facilitated an occupational health centre, round-the-clock ambulance service and periodic health check-up. Further, it takes up regular safety audit and mock drills to check the efficiency of its systems.

Neogen also regularly monitors and maintains its fire hydrant systems and waste treatment plants. It has an effluent treatment plant comprising primary (chemical), secondary (biological) and tertiary (disinfection) treatment facility, at Karakhadi, Vadodara Plant. Liquid effluent of Mahape Plant is sent to common effluent treatment plant for further disposal. The Company ensures to send its solid waste to approved land fill/incineration sites.



## Quality Control and Assurance

Neogen endeavours to maintain consistent product quality and the products go through stringent quality checks, so as to meet customers' expectations. The manufacturing sites adhere to all necessary guidelines and certifications. The quality control systems monitor the production process at every stage and the quality control laboratories are equipped with required analytical tools for a seamless service. Most importantly, Neogen's manufacturing sites have been validated and audited by multiple domestic and international customers.

Neogen has a dedicated Quality Control and Quality Assurance team consisting of 24 employees at both sites. The team is responsible for documentation and data control, product checks and internal and external audits. Neogen's well equipped quality control lab with GCs, HPLC, UV Spectrophotometer, Karl Fischer, and other required analytical instruments support its quality control measures across operations.

Neogen's Vadodara Facility has ISO 9001:2015; ISO 14001: 2015 and OHSAS 18001: 2007 certification. Mahape facility has ISO 9001:2015 from the Bureau Veritas Certification Holding SAS.

In addition, Neogen has also implemented, current Good Manufacturing Practices (**cGMP**) quality management system as applicable for Key Starting Materials (KSM) and Intermediates, at both the manufacturing facilities. The cGMP prescribed by the US Food and Drug Administration provide for systems that assure proper design, monitoring and control of manufacturing processes and facilities.

Neogen's quality control and quality assurance team monitors the manufacturing process at all stages from initial testing stage for incoming raw material to the final product prior to packing. The final product is cleared for despatch only after the team tests a sample of the batch against customer or internal specifications as applicable.

## Internal Control Systems

Neogen has a robust internal control system commensurate with the nature, size and complexity of business operations. The management oversees the efficiency of the internal control system with support from Neogen's internal team and Audit Committee. The committee ensures adherence to and adequacy of Neogen's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy of its accounting records and the timely preparation of reliable

financial reports. Any discrepancy, failure or deviation of internal control systems are reported to the management and Audit Committee and measures are suggested for improvement and correction.

## Risk and Mitigation

Risks are an integral part of a business operation. Neogen has developed and implemented a robust Risk Management Policy that monitors, identifies and suggest risk mitigation measures. This is reviewed periodically by the Board of Directors. The Management constantly monitors the success of the risk mitigation measures to control the impact of possible risks. Some of the key risks identified by Neogen are:

**Regulatory Risk:** Neogen is exposed to the risk of changing regulations and policies in the domestic and global markets.

**Mitigation:** Neogen follows stringent quality and EHS benchmarks which are reviewed and upgraded on an on-going basis to remain compliant with local and globally accepted norms. Neogen's manufacturing facilities have the necessary international certifications for quality, environmental standards and operational health and safety. It works closely with various Indian regulatory agencies and international customers to keep track of the dynamic regulatory requirement.

**Innovation Risks:** Inadequate investment in processes and technology and R&D could adversely impact Neogen's business. It has, therefore, adopted the culture of innovation in technology as its key competitive strength.

**Mitigation:** Neogen has two R&D facilities - at its Vadodara and Mahape units. It has a dedicated and experienced 24-member R&D team which is about 10% of its total workforce. Since inception, its product portfolio has grown from around 20 products to 205 products based on its R&D strength. Neogen is committed to strengthening its R&D capabilities and boost its R&D expense. The promoters of Neogen are technically qualified and personally drive this initiative.

**Forex Risks:** Neogen derives about 36% of its revenues from exports, which poses the risk of volatile currency movement to the Company, which may cause financial losses.

**Mitigation:** Neogen procures about, 35-40% of its raw material from overseas which gives it a natural hedge

against forex risks. The Company keeps track of currency movements and enters into forward contracts to hedge the foreign currency exposure as needed. Further, it has agreed upon a pass-through mechanism for lithium-based products with its customers on monthly basis.

**Raw Material Risk:** The Company is exposed to the risk of inadequate supply of raw materials and price fluctuations.

**Mitigation:** Neogen has a strong long-term relationship with its suppliers, which secures its raw materials at competitive prices. Additionally, the Company insures against supply risks by entering into annual supply contracts and maintains a steady inventory of raw materials and finished products. The Procurement team

at Neogen ensures that there are multiple Suppliers for most of its key raw materials.

### Caution Statement

Certain statements in the management discussion and analysis may be forward-looking in nature within the meaning of applicable securities law and regulations. Actual results may differ materially from those projected or implied. These statements refer to Neogen's growth strategy, financial results, product potential and development programmes based on certain assumptions and expectation of future event. Neogen assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of subsequent developments, information of events.

# BUSINESS RESPONSIBILITY REPORT

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- Corporate Identity Number (CIN) of the Company: L24200MH1989PLC050919
- Name of the Company: Neogen Chemicals Limited
- Registered address: Office No.1002, 10<sup>th</sup> Floor, Dev Corpora Bldg., Opp. Cadbury Co., Eastern Express Highway, Pokhran Rd. No. 2, Khopat, Thane (W) 400 601, India.
- Website: www.neogenchem.com
- E-mail id: investor@neogenchem.com
- FY reported: 2019- 2020
- Sector(s) that the Company is engaged in (industrial activity code-wise) :

### Manufacture of Specialty Chemicals

| Sr. No. | Name and Description of Main Product/Services | NIC Code of the Product |
|---------|-----------------------------------------------|-------------------------|
| 1       | Organic Chemicals                             | 20119                   |
| 2       | Inorganic Chemicals                           | 20119                   |

- List three key products/services that the Company manufactures/provides (as in balance sheet)
  - Organic Chemicals
  - Inorganic Chemicals
  - Grignard Reagents
- Total number of locations where business activity is undertaken by the Company Manufacturing Locations: 3
  - Number of International Locations (Provide details of major 5)  
Not Applicable
  - Number of National Locations: The location of Manufacturing Plants of the Company is as given hereunder:
    - Plot No. 43, Trans- Thane Creek Industrial Area, TTC MIDC, Village Mahape, Navi Mumbai- 400710, Maharashtra

- Plot No. 526A, Off Padra Jambusar Road, Village Karakhadi, Tal. Padra, Dist- Vadodara- 391450, Gujarat
- Plot no 7/109, Dahej SEZ Village Lakhigam, Vagara Dist, Bharuch, Gujarat.
- Markets served by the Company – Local/State/ National/International: The company's product are served nationally and several products are also exported to around 27 countries

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

- Paid up Capital (INR) Rs. 2,333.46 lakhs
- Total Turnover (INR) Rs. 30,612.17 lakhs
- Total profit after taxes (INR) 2, 877.24 lakhs
- Total Spending on Corporate Social Responsibility (CSR) as % of profit after tax (%):

Pursuant to Section 198 of the Companies Act, 2013, the Average Net Profit of the Company for last three financial years was Rs. 1,952.82 lakhs. Accordingly, the Company was mandatorily required to spend 2% of the Average Net Profit which amounts to Rs. 39.06 lakhs against which the Company has spent Rs. 39.37 lakhs on its CSR activities during the FY 2019-20.

- List of activities in which expenditure in 4 above has been incurred: - Refer Annex 6 to Board's Report (Annual Report on Corporate Social Responsibility)

## SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/ Companies? No.
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s): Not Applicable
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the % of such entity/entities? [Less than 30%, 30-60%, More than 60%]  
No.

## SECTION D: BR INFORMATION

### 1. Details of Director/Directors responsible for BR

- (a) Details of the Director/Director responsible for implementation of the BR policy/policies
- DIN Number 05136947
  - Name: Dr. Harin Kanani
  - Designation: Managing Director

(b) Details of the BR head

| Sr. No. | Particulars                | Details                 |
|---------|----------------------------|-------------------------|
| 1       | DIN Number (if applicable) | 05136947                |
| 2       | Name                       | Dr. Harin Kanani        |
| 3       | Designation                | Managing Director       |
| 4       | Telephone number           | 022-25497300            |
| 5       | e-mail id                  | investor@neogenchem.com |

### 2. Principle-wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines ('NVGs') on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

- Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- Businesses should promote the well-being of all employees.
- Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
- Businesses should respect and promote human rights.
- Businesses should respect, protect and make efforts to restore the environment.
- Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- Businesses should support inclusive growth and equitable development.
- Businesses should engage with and provide value to their customers and consumers in a responsible manner.

(a) Details of compliance (Reply in Y/N)

| Sr. No. | Questions                                                                                                             | Business Ethics                                                                                                                                                                              | Product Responsibility                                                                                                                               | Wellbeing of Employees | Stakeholder Engagement & CSR | Human Rights | Environment | Public Policy | CSR | Customer Relations |
|---------|-----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------------|--------------|-------------|---------------|-----|--------------------|
|         |                                                                                                                       | P1                                                                                                                                                                                           | P2                                                                                                                                                   | P3                     | P4                           | P5           | P6          | P7            | P8  | P9                 |
| 1       | Do you have a policy/policies for                                                                                     | Yes, The policy is embedded in the Company's Code of Ethics Policy                                                                                                                           | Yes, The policy is embedded in the Company's Quality Policy and Corporate Environment Policy which inter alia, relates to quality and safe products. | Yes                    | Yes                          | Yes.         | Yes         | No            | Yes | Yes                |
| 2       | Has the policy being formulated in Consultation with the relevant stakeholders?                                       | Yes                                                                                                                                                                                          | Yes                                                                                                                                                  | Yes                    |                              |              |             |               |     |                    |
| 3       | Does the policy conform to any national / international standards? If yes, specify? (50 words)                        | Neogen is always committed to adhere and comply with all the applicable national laws and international laws, wherever applicable and the same are captured in the policies of the Company.  |                                                                                                                                                      |                        |                              |              |             |               |     |                    |
| 4       | Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director? | Yes. The Mandatory Policies are approved by the Board and is signed by Managing Director. Other Operational internal policies and approved by the Management and signed by Managing Director |                                                                                                                                                      |                        |                              |              |             |               |     |                    |

| Sr. No. | Questions                                                                                                                                                  | Business Ethics                                                                                                                                                                                                                                                                                                                                                                                                            | Product Responsibility | Wellbeing of Employees | Stakeholder Engagement & CSR | Human Rights | Environment | Public Policy | CSR | Customer Relations |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|------------------------------|--------------|-------------|---------------|-----|--------------------|
|         |                                                                                                                                                            | P1                                                                                                                                                                                                                                                                                                                                                                                                                         | P2                     | P3                     | P4                           | P5           | P6          | P7            | P8  | P9                 |
| 5       | Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?                                  | The Company has a well-established internal governance structure to oversee the implementation of various policies. The Environment Committee for its respective plants and the CSR committee of the Board oversees the implementation of the CSR policy and compliance with the Environment laws, wherever applicable. Also the Board has Internal Complaints Committee for prevention of Sexual harassment at workplace. |                        |                        |                              |              |             |               |     |                    |
| 6       | Indicate the link for the policy to be viewed online?                                                                                                      | The mandatory policies are available at <a href="https://neogenchem.com/company-policy/">https://neogenchem.com/company-policy/</a>                                                                                                                                                                                                                                                                                        |                        |                        |                              |              |             |               |     |                    |
| 7       | Has the policy been formally communicated to all relevant internal and external stakeholders?                                                              | Yes, the policies are communicated to internal stakeholders and wherever required, the Policies are also communicated to our external stakeholders.                                                                                                                                                                                                                                                                        |                        |                        |                              |              |             |               |     |                    |
| 8       | Does the company have in-house structure to implement the policy/ policies.                                                                                | Yes                                                                                                                                                                                                                                                                                                                                                                                                                        |                        |                        |                              |              |             |               |     |                    |
| 9       | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies. | Yes                                                                                                                                                                                                                                                                                                                                                                                                                        |                        |                        |                              |              |             |               |     |                    |
| 10      | Has the company carried out Independent audit/ evaluation of the working of this policy by an internal or external agency?                                 | The Quality, Safety & Health and Environmental Policies are subject to internal and external audits as part of certification process and ongoing periodic assessments. Other policies are periodically evaluated for their efficacy through internal audit mechanism.                                                                                                                                                      |                        |                        |                              |              |             |               |     |                    |

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

| Sr. No. | Questions                                                                                                                         | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---------|-----------------------------------------------------------------------------------------------------------------------------------|----|----|----|----|----|----|----|----|----|
| 1       | The company has not understood the Principles                                                                                     |    |    |    |    |    |    |    |    |    |
| 2       | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles |    |    |    |    |    |    |    |    |    |
| 3       | The company does not have financial or manpower resources available for the task                                                  |    |    |    |    |    |    |    |    |    |
| 4       | It is planned to be done within next 6 months                                                                                     |    |    |    |    |    |    |    |    |    |
| 5       | It is planned to be done within the next 1 year                                                                                   |    |    |    |    |    |    |    |    |    |
| 6       | Any other reason (please specify)                                                                                                 |    |    |    |    |    |    |    |    |    |

\* The Business is not engaged in influencing public and regulatory policy

3. Governance related to BR:

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

The Board shall assess the BR Performance of the Company at least once a year.

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This is the first year of publication of the Business Responsibility Report since the company got listed on May 8, 2019 and the same forms part of this Annual Report. The Business Responsibility Report is uploaded on the company's website at the web link <https://neogenchem.com/annual-reports/>

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes

The policy relating to Code of Ethics covers the company and its employees who needs to abide by the policy relating to ethics, bribery and corruption.

Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others? No it does not extend to the Group/ Joint Venture/ Suppliers, etc. However, the Company encourages all the stakeholders associated with it to follow the principles envisaged in the policy.

2. How many stakeholder complaints have been received in the past financial year and what % was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

During the financial year under review the company had received 16 requests from its shareholders pertaining to delivery of hard copy of Annual Report, issue of fresh DDs for Dividend declared for FY 2018-19, which were processed and resolved within the prescribed timelines. Apart from the requests there were no other stakeholders complaint received during the financial year under review.

### Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

"Lithium Bromide Solution" which is used in new refrigeration technologies (vapour absorption technology) to replace CFCs (Chloro Floro Carbons) used in traditional refrigeration technology that

were causing damage to the ozone layer. Neogen Chemicals' product was a new offering to help the environment and many other products developed by Neogen Chemicals were being developed for the first time in India with innovative / in-house developed process.

Also one of our product Lithium Bromide Anhydrous is used for manufacturing Anti- Viral / Anti- HIV drugs where we have increased our production sharply to meet our customers' need and to combat the challenges posed by COVID-19.

We also manufacture/ supply several intermediaries used for manufacturing/producing anti-cancer drugs and other medicines for rare diseases where quantity demanded is very small and does not make economic sense but we continue to make these formulations to support our society at large and to fulfill our role in supporting pharmaceutical industries.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

- (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

The Company has undertaken various initiatives to ensure efficient and optimal use of available resources and accordingly tried to imbibe the same throughout the value chain however it is not possible to ascertain reduction achieved at each level.

- (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

We have in house R&D which strives to improve our processes which leads to improved final product formulations which ensures lesser consumption of water, energy and raw material resources and reduced effluent load by installing energy and water efficient equipment's thereby enabling efficient use of resources.

- 100% waste water is treated In effluent treatment plant and after getting treated norms it is discharged to CETP
- The Company also has re-cycling mechanism due to which 5%-10% of the quantity is re-cycled

- The Company also adopted various energy conservation practices such as installation of VFDs for large motors, Capacitor Banks etc. Also we have LEDs all over the plants and our air conditioning systems works without the use of compressor at Vadodara Plant
- At Mahape Plant we have shifted from Light Diesel Oil (LDO) to PNG for generating steam

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

- (a) If yes, what % of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company has its manufacturing plants located in Mumbai Vadodara and Dahej and majority of its manpower, raw material suppliers, transporters and other vendors are available locally and we always endeavor for sustainable sourcing by giving preference to local vendors.

The company quests for alternative domestic sources for various imported raw materials

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

- (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes, the Company has its manufacturing plants located in Mumbai, Vadodara and Dahej and majority of its manpower, raw material suppliers, transporters and other vendors are available locally and we always endeavor for sustainable sourcing by giving preference to local vendors.

The company quests for alternative domestic sources for various imported raw materials. The survey of vendors available locally is undertaken and the vendors are selected based on their location, delivery timeline, quality of product, cost of product, relationship with vendors and other criteria's.

5. Does the company have a mechanism to recycle products and waste? If yes what is the % of recycling

of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The Company has re-cycling mechanism in place due to which 5%-10% of the quantity is re-cycled.

### Principle 3

1. Please indicate the Total number of employees. 247 as on March 31, 2020
2. Please indicate the Total number of employees hired on contractual. 46 (as on March 31, 2020)
3. Please indicate the Number of permanent women employees.13
4. Please indicate the Number of permanent employees with disabilities: None
5. Do you have an employee association that is recognized by management. Yes
6. What % of your permanent employees is members of this recognized employee association? 6.88%
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

| Sr. No. | Category                                      | No of complaints filed during the financial year | No of complaints pending as on end of the financial year |
|---------|-----------------------------------------------|--------------------------------------------------|----------------------------------------------------------|
| 1       | Child labour/forced labour/involuntary labour | -                                                | -                                                        |
| 2       | Sexual harassment                             | -                                                | -                                                        |
| 3       | Discriminatory employment                     | -                                                | -                                                        |

8. What % of your under mentioned employees were given safety & skill up- gradation training in the last year?

- (a) Permanent Employees 81.38%
- (b) Permanent Women Employees 5.26%
- (c) Casual/Temporary/Contractual Employees 18.62%
- (d) Employees with Disabilities: None



## Principle 4

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes, the Company has mapped its internal and external stakeholders in an organized way and it carries out various engagements with its stakeholders. The Company also participates in a discussion with its stakeholders for constructive purposes.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

Yes, Company has identified marginalized and disadvantaged groups through its survey, assessment and approaching various local communities and the company works towards the upbringing and betterment of such disadvantaged, vulnerable & marginalized stakeholders through its various CSR activities and donations.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

At Neogen, our broader objective is to contribute to the well-being of the communities and society we affect and on which we depend. The company works towards the upbringing and betterment of such disadvantaged, vulnerable & marginalized stakeholders through its various CSR activities around our manufacturing locations and focusing on key areas like promoting education through primary schooling programmes for out-of-school children of migrant tribal labourers and child education, contributing to a community-based public library system, Promoting plantation of Mangrove trees and spreading awareness through Mangrove awareness programs, Empowering small and medium Adivasi farmers through a Tube well project wherein 15 borewells were set up during the year after conducting surveys and identifying villages facing water scarcity, Providing seeds to small-scale farmers which assist farmers in Dangar and Bhinda regions in cultivating over 375 acres of land, Providing financial assistance for treating infants with congenital skull and facial deformities/ anomalies which involves not just the surgery but also Orthodontics, Speech Therapy and counseling and Genetic evaluation to enable these children and young adults to integrate into the society and by taking various Health and

Safety initiatives. The detailed report on the same is mentioned in Annex 6 to our Annual Report.

## Principle 5

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Company values and respects the individual human rights and shall always remain committed for its protection. The Company's Code of Ethics, Prevention of Sexual Harassment at Workplace Policy and the Human Resource policy cover most of these aspects.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

During the financial year under review the Company did not receive any complaints pertaining to human rights violations.

## Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

It extends only to the Company and its employees at all its head office and plant locations. As a part of our Ethos, Neogen Chemicals Limited is committed to work continuously towards ensuring a clean and sustainable environment by adhering to all the environment laws, as are applicable at all its plants locations. We have dedicated ourselves to the betterment of the communities and the environment but the said policy does not extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

The Company consciously conducts their activity which helps in preserving our environment and health of our society at large. The Company strictly adheres to the laws, regulations and contractual commitments concerning air emissions, re-cycling of products, wastewater discharges, solid and hazardous waste material handling, worker health and safety, developing required green belt around its plant and the investigation and remediation of

contamination or other environmental restoration and it takes all such steps for conservation, enhancement and restoration of Bio-Diversity within its area of operations and ensure protection of species and flora and fauna and reduce the impact on Environment, Bio-Diversity and climate change.

3. Does the company identify and assess potential environmental risks? Y/N

Yes, the company identifies and assesses the potential environmental risks and the same is covered under our Corporate Environment policy. The Company has emergency preparedness and Disaster Management Plan to mitigate the risks.

We develop green belt around the plants, to reduce air pollution. The company continuously takes efforts to reuse and recycle water at all its manufacturing sites thereby reducing fresh water consumption. The company has Effluent treatment plant with primary, secondary and tertiary treatment units at all its plants. The treated water is evaporated in MEE which will help in ensuring that there is no discharge of untreated waste water from its units thereby ensuring cleanliness of streams and wells around the plants and controlling water pollution.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

No, currently the company does not have any such project related to clean Development Mechanism.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

The Company consciously conducts their activity which helps in preserving our environment and health of our society at large. The Company strictly adheres to the laws, regulations and contractual commitments concerning air emissions, re-cycling of products, wastewater discharges, solid and hazardous waste material handling, worker health and safety, developing required green belt around its plant and the investigation and remediation of contamination or other environmental restoration. The company has installed energy efficient equipment's at its plant namely Variable Frequency

Drives (VFD) on large capacity Motors and capacitor Banks. Also we have LEDs all over the plants and our air conditioning systems works without the use of compressor at Vadodara Plant. At Mahape Plant we have shifted from Light Diesel Oil (LDO) to PNG for generating steam.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes, the emissions / Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported and the details of the same are also available at the GPCB portal. The company also has the policy for solid waste management. All the air emissions and discharge of water effluents are measured on timely intervals and a continuous monitoring of the same is done to ensure that it does not exceed the permissible limits.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (that is not resolved to satisfaction) as on end of FY.

No show cause / legal notices were received or pending as on the end of FY 2019-20.

### Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Yes the Company is a member of the following chambers/ associations:

- (a) Chemexil
- (b) Indian Chemical Council (ICC)
- (c) IMC Chamber of Commerce and Industry

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others): No.

### Principle 8

1. Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

At Neogen, our broader objective is to contribute to the well-being of the communities and society we affect and on which we depend. The company works towards the upbringing and betterment of such disadvantaged, vulnerable & marginalized stakeholders through its various CSR activities around our manufacturing locations and focusing on key areas like promoting education through primary schooling programmes for out-of-school children of migrant tribal labourers and child education, contributing to a community-based public library system, Promoting plantation of Mangrove trees and spreading awareness through Mangrove awareness programs, Empowering small and medium Adivasi farmers through a Tube well project wherein 15 borewells were set up during the year after conducting surveys and identifying villages facing water scarcity, Providing seeds to small-scale farmers which assist farmers in Dangar and Bhinda regions in cultivating over 375 acres of land, Providing financial assistance for treating infants with congenital skull and facial deformities/ anomalies which involves not just the surgery but also Orthodontics, Speech Therapy and counselling and Genetic evaluation to enable these children and young adults to integrate into the society and by taking various Health and Safety initiatives. The detailed report on the same is mentioned in Annex 6 to our Annual Report.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?

The programmes are undertaken mostly through external NGOs or Trusts which are dedicated towards achieving the Company's social objective of well-being of the communities and society we affect and on which we depend and some activities are directly initiated by the company.

3. Have you done any impact assessment of your initiative?

As the programmes are undertaken through external NGOs and trusts, the company does the monitoring of the CSR activities undertaken by NGOs and reviews the CSR activities report as submitted by the NGOs.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

Pursuant to Section 198 of the Companies Act, 2013, the Average Net Profit of the Company for last three financial years was Rs. 1,952.82 lakhs. Accordingly, the Company was mandatorily required to spend 2%

of the Average Net Profit which amounts to Rs. 39.06 lakhs against which the Company has spent Rs. 39.37 lakhs on its CSR activities during the financial year 2019-20. For detailed information on the same please refer Annex 6 to Board's Report (Annual Report on Corporate Social Responsibility)

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so. : Please refer Annex 6 to Board's Report (Annual Report on Corporate Social Responsibility)

### Principle 9

1. What % of customer complaints/consumer cases are pending as on the end of financial year.

No customer complaints/ consumer cases are pending as on the end of the financial year.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/Not Applicable/Remarks (additional information)

The Company displays product information on the product label as mandated by the law.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No such cases were filed by any stakeholder.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

Yes, the company carries out the customer's survey/ customer satisfaction trends on a regular intervals and on an annual basis the report of the same is placed before the management in the first quarter of the next financial year. The feedback is taken from the customers on various norms like Quality of Product, Packaging Quality, Scheduled Delivery, Document Accuracy, promptness of response and Courtesy of Staff and the complaints are resolved in a reasonable time frame.

For Neogen Chemicals Limited

Sd/-

**Mr. Haridas Kanani**

Place: Mumbai  
Date: August 8, 2020

Chairman & Managing Director  
DIN: 00185487

# **STANDALONE FINANCIAL STATEMENTS**

# INDEPENDENT AUDITOR'S REPORT

To,  
The Members of  
Neogen Chemicals Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying Standalone Financial Statements of NEOGEN CHEMICALS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to 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, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our

responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Financial Statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities for the audit of the Standalone Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Standalone Financial Statements.

| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Auditor's Response                                                                                                                                                                                                                                                                                                                              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Information Technology</b><br>IT systems and controls The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. From a financial reporting perspective, the Company uses and we have tested the financial accounting and reporting system and other tools for overall financial reporting. | <b>Our audit procedures included the following:</b> <ul style="list-style-type: none"> <li>We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations</li> </ul> |

| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Auditor's Response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <ul style="list-style-type: none"> <li>• We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties</li> <li>• For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these control remained unchanged during the year or were changed following the standard change management process</li> <li>• Evaluated the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission</li> <li>• Other areas that were independently assessed included password policies, security configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment</li> <li>• Obtained report related to information technology audit carried out by the subject matter expert engaged by the management and assessed the impact if any on our audit procedures</li> </ul> |
| <p>The Company operates in more than one State within India, exposing it to a variety of different Central and State laws, regulations and interpretations thereof. The provisions and contingent liabilities relate to ongoing litigations and claims with various authorities. Litigations and claims may arise from direct and indirect tax proceedings, legal proceedings, including regulatory and other government/department proceedings, as well as investigations by authorities and commercial claims.</p> <p>The determination of a provision or contingent liability requires significant judgement by the Company because of the inherent complexity in estimating future costs. The amount recognised as a provision is the best estimate of the possible expenditure. The provisions and contingent liabilities are subject to changes in the outcomes of litigations and claims over time as new facts emerge as each legal case progresses and positions taken by the Company.</p> | <p><b>Our audit procedures included:</b></p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of actual and potential outstanding litigations and claims against the Company from the Company's in-house Legal Counsel and other senior personnel of the Company and assessing their responses;</li> <li>• Assessing status of the litigations and claims based on correspondence between the Company and the various tax/legal authorities and legal opinions obtained by the Company;</li> <li>• Testing completeness of litigations and claims recorded by verifying the Company's legal expenses and the minutes of the board meetings;</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |



| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Auditor's Response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>There is an inherent complexity and magnitude of potential exposures is significant across the Company. Significant judgment is necessary to estimate the likelihood, timing and amount of the cash outflows, interpretations of the legal aspects, legislations and judgements previously made by the authorities. Accordingly, this is identified as a key audit matter</p>                                                                                                                                                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>Assessing and challenging the Company's estimate of the possible outcome of litigations and claims. This is based on applicable tax laws and legal precedence by involving our tax specialists in taxation related matters and internal legal counsel;</li> <li>Evaluating judgements made by the Company by comparing the estimates of prior year to the actual outcome;</li> <li>Assessing and testing the adequacy and completeness of the Company's disclosures in respect of litigations and claims</li> </ul> |
| <p><b>Revenue Recognition</b></p> <p>Ind AS 115 requires to consider management to account revenue as per terms of contracts with customers and on fulfillment of performance obligations</p> <p>Due to the Company's sales under various contractual terms and across the country, delivery to customers in different regions might take different time periods and may result in undelivered goods at the period end.</p> <p>There is also a risk of revenue being overstated due to fraud resulting from pressure on the Company to achieve performance targets at the reporting period end. Accordingly, fraud and cut-off risks in revenue recognition are considered as a key audit matter.</p> | <p><b>Our audit procedures included:</b></p> <ul style="list-style-type: none"> <li>Understood the processes and controls around established in recognition of revenue</li> <li>Focusing on the Company's revenue recognition for compliance with Ind AS</li> <li>Evaluated and tested design and operating effectiveness of controls addressing risk</li> <li>Performed test check of sales transactions to verify contractual terms of invoices, acknowledged delivery receipts and tested the transit time to deliver the goods</li> </ul>              |

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility 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 Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds



and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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 responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls 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 management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 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 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 (Auditors' Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of section 143 (11) of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable
2. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Standalone Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

3. 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.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
4. 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. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For JMT & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 104167W

**Mr. Sanjay Pichholia**  
Partner

Place: Mumbai  
Date: May 23, 2020

Membership No. 122651  
UDIN : 20122651AAAACC1318

## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of NEOGEN CHEMICALS LIMITED of even date)

- i. In respect of the Company's fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (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, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the standalone financial statements, the lease agreements are in the name of the Company.
- ii. In respect of the Company's Inventories:
  - a) In our opinion, physical verification of inventory other than with third parties is conducted at reasonable intervals by the Management. As explained to us there is a process of obtaining confirmation in respect of inventory with the third parties;
  - b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and nature of business.
  - c) In our opinion company has maintained proper records of inventory. As per information available, the discrepancies noticed on verification between physical stock and book record were not materials in relation to the operation of the company and the same have been properly dealt with in the books of account.
- iii. A During the year, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2020 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- vi. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. As observed and information provided to us, such accounts and records have been made and maintained by the Company. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
  - (c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2020 on account of dispute are given below:

| Name of Statute     | Nature of Dues                                                                                                                         | Period(s) to which the amount relates | Amount Involved |
|---------------------|----------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|-----------------|
| Income Tax Act 1961 | Penalty imposed for additional income<br>(As explained an appeal has been filed)                                                       | A.Y. 2010-11                          | 5.94 lakhs      |
| Income Tax Act 1961 | Tax Demand<br>(As explained it is demand against additional depreciation for which reply has been given)                               | A.Y. 2015-16                          | 2.70 lakhs      |
| Income Tax Act 1961 | Tax Demand<br>(As explained it is demand against additional depreciation and non-credit of DDT payment for which reply has been given) | A.Y. 2016-17                          | 26.29 lakhs     |

- viii. According to records examined by us and information and explanations given to us, the company has not made any default in repayment of loans/ borrowings to any financial institutions and banks and Government.
- ix. The Company has raised moneys by way of initial public offer during the year and utilized the funds as per objective of the public offerings. The Company has taken term loan from banks during the year and utilized them as per purpose of the loan.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures during the year and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For JMT & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 104167W

**Mr. Sanjay Pichholia**  
Partner

Place: Mumbai  
Date: May 23, 2020  
Membership No. 122651  
UDIN : 20122651AAAACC1318

## **ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of NEOGEN CHEMICALS LIMITED ("the Company") as of March 31, 2020 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls 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. 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 respective 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 Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 over financial reporting of the Company.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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 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 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 unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Limitations of Internal Financial Controls Over Financial Reporting**

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

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating

effectively as at March 31, 2020, 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.

For JMT & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 104167W

**Mr. Sanjay Pichholia**

Partner

Place: Mumbai  
Date: May 23, 2020

Membership No. 122651  
UDIN : 20122651AAAACC1318



# STANDALONE BALANCE SHEET

as at March 31, 2020

| Particulars                                  | Notes | (Rs. in Lakhs)          |                         |
|----------------------------------------------|-------|-------------------------|-------------------------|
|                                              |       | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
| <b>ASSETS</b>                                |       |                         |                         |
| <b>(1) Non-current assets</b>                |       |                         |                         |
| (a) Property, plant and equipment            | 4a    | 10,372.21               | 8,271.19                |
| (b) Right of use assets                      | 4b    | 650.33                  | -                       |
| (c) Capital work-in-progress                 | 5     | 269.33                  | 38.53                   |
| (d) Intangible assets                        | 6     | 31.57                   | 10.80                   |
| (e) Financial assets                         |       |                         |                         |
| (i) Investments                              | 7     | 45.00                   | 45.00                   |
| (ii) Other financial assets                  | 8     | 588.47                  | 253.88                  |
| (f) Other non-current assets                 | 9     | 406.96                  | 40.20                   |
| <b>Total Non-current Assets</b>              |       | <b>12,363.87</b>        | <b>8,659.60</b>         |
| <b>(2) Current Assets</b>                    |       |                         |                         |
| (a) Inventories                              | 10    | 12,987.06               | 7,237.82                |
| (b) Financial assets                         |       |                         |                         |
| (i) Trade receivables                        | 11    | 7,522.91                | 6,065.91                |
| (ii) Cash and cash equivalents               | 12a   | 56.02                   | 116.64                  |
| (iii) Bank balances other than (ii) above    | 12b   | 92.18                   | 85.51                   |
| (iv) Loans                                   | 13a   | 63.72                   |                         |
| (v) Other current financial assets           | 13b   | 25.72                   | 76.58                   |
| (c) Other current assets                     | 14    | 2,422.21                | 2,426.42                |
| <b>Total Current Assets</b>                  |       | <b>23,169.82</b>        | <b>16,008.88</b>        |
| <b>TOTAL ASSETS</b>                          |       | <b>35,533.69</b>        | <b>24,668.48</b>        |
| <b>EQUITY AND LIABILITIES</b>                |       |                         |                         |
| <b>(1) Equity</b>                            |       |                         |                         |
| (a) Equity share capital                     | 15    | 2,333.46                | 2,007.88                |
| (b) Other equity                             | 16    | 13,339.77               | 5,038.08                |
| <b>Total Equity</b>                          |       | <b>15,673.23</b>        | <b>7,045.96</b>         |
| <b>(2) Non current liabilities</b>           |       |                         |                         |
| (a) Financial liabilities                    |       |                         |                         |
| (i) Borrowings                               | 17    | 3,035.63                | 5,059.40                |
| (ii) Other Non current Financial Liabilities | 18    | 918.78                  | 200.00                  |
| (b) Long Term Provisions                     | 19    | 357.59                  | 202.27                  |
| (c) Deferred tax liabilities (net)           | 20    | 561.81                  | 487.88                  |
| <b>Total Non-current Liabilities</b>         |       | <b>4,873.81</b>         | <b>5,949.55</b>         |
| <b>(3) Current liabilities</b>               |       |                         |                         |
| (a) Financial liabilities                    |       |                         |                         |
| (i) Borrowings                               | 21    | 10,193.89               | 6,516.57                |
| (ii) Trade payables                          | 22    | 3,585.11                | 4,281.86                |
| (iii) Other financial liabilities            | 23    | 1,004.55                | 583.90                  |
| (b) Other current liabilities                | 24    | 58.31                   | 180.58                  |
| (c) Short-term provisions                    | 25    | 144.79                  | 110.06                  |
| <b>Total Current liabilities</b>             |       | <b>14,986.65</b>        | <b>11,672.97</b>        |
| <b>Total Liabilities</b>                     |       | <b>19,860.46</b>        | <b>17,622.52</b>        |
| <b>TOTAL EQUITY AND LIABILITIES</b>          |       | <b>35,533.69</b>        | <b>24,668.48</b>        |

Corporate information and significant accounting policies

1 to 3

Other notes to Accounts &amp; the accompanying notes are an integral part of Standalone Financial Statements

As per our report of even date attached

For JMT &amp; Associates

Chartered Accountants

Firm Registration No. : 104167W

For &amp; behalf of the Board of Directors

**Mr. Sanjay Pichholia**

Partner

Membership No. : 122651

**Mr. Haridas Kanani**

Chairman &amp; Managing Director

DIN : 00185487

**Mr. Mahesh Tanna**

Chief Financial Officer

**Dr. Harin Kanani**

Managing Director

DIN : 05136947

**Ms. Unnati Kanani**

Company Secretary

Membership No. : A35131

Place: Thane

Date: May 23, 2020



# STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2020

(Rs. in Lakhs)

| Particulars                                                                       | Note   | For the Year Ended<br>March 31, 2020 | For the Year Ended<br>March 31, 2019 |
|-----------------------------------------------------------------------------------|--------|--------------------------------------|--------------------------------------|
| <b>Continuing Operations</b>                                                      |        |                                      |                                      |
| <b>I. Income</b>                                                                  |        |                                      |                                      |
| (a) Revenue from operations                                                       | 26     | 30,612.17                            | 23,905.82                            |
| (b) Other income                                                                  | 27     | 32.71                                | 69.96                                |
| <b>Total Income</b>                                                               |        | <b>30,644.88</b>                     | <b>23,975.78</b>                     |
| <b>II. Expenses</b>                                                               |        |                                      |                                      |
| (a) Cost of materials consumed                                                    | 28     | 22,770.96                            | 15,965.28                            |
| (b) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 29     | (4,361.23)                           | (1,896.11)                           |
| (c) Employee benefits expense                                                     | 30     | 1,724.74                             | 1,115.43                             |
| (d) Finance costs                                                                 | 31     | 1,192.51                             | 1,193.78                             |
| (e) Depreciation and Amortisation Expenses                                        | 4      | 524.14                               | 283.68                               |
| (f) Other Expense                                                                 | 32     | 4,672.49                             | 4,379.32                             |
| <b>Total Expenses</b>                                                             |        | <b>26,523.61</b>                     | <b>21,041.38</b>                     |
| <b>III. Profit/(loss) before taxes (I-II)</b>                                     |        | <b>4,121.27</b>                      | <b>2,934.40</b>                      |
| <b>IV. Income tax</b>                                                             |        |                                      |                                      |
| 1. Current Tax                                                                    |        | 1,148.50                             | 750.00                               |
| 2. Deferred Tax                                                                   | 20     | 95.53                                | 80.74                                |
| <b>Total Tax Expense</b>                                                          |        | <b>1,244.03</b>                      | <b>830.74</b>                        |
| <b>V. Profit for the year (III - IV)</b>                                          |        | <b>2,877.24</b>                      | <b>2,103.67</b>                      |
| <b>VI. Other comprehensive income</b>                                             |        |                                      |                                      |
| <b>Items that will not be reclassified to profit or loss</b>                      |        |                                      |                                      |
| (i) Remeasurements of the defined benefit liabilities / (assets)                  | 33a    | (74.20)                              | 14.39                                |
| (ii) Income tax related to items that will not be reclassified to profit or loss  | 33b    | 21.61                                | (4.19)                               |
| <b>Total other comprehensive (expense)/ income, net of tax</b>                    |        | <b>(52.59)</b>                       | <b>10.20</b>                         |
| <b>VII. Total comprehensive income for the year (V-VI)</b>                        |        | <b>2,824.65</b>                      | <b>2,113.86</b>                      |
| <b>Earnings per equity share</b>                                                  | 34     |                                      |                                      |
| - Basic                                                                           |        | 12.33                                | 10.48                                |
| - Diluted                                                                         |        | 12.33                                | 10.48                                |
| Corporate information and significant accounting policies                         | 1 to 3 |                                      |                                      |

Other notes to Accounts & the accompanying notes are an integral part of Standalone Financial Statements

As per our report of even date attached

For JMT & Associates

Chartered Accountants

Firm Registration No. : 104167W

For & behalf of the Board of Directors

**Mr. Sanjay Pichholia**

Partner

Membership No. : 122651

**Mr. Haridas Kanani**

Chairman & Managing Director

DIN : 00185487

**Mr. Mahesh Tanna**

Chief Financial Officer

**Dr. Harin Kanani**

Managing Director

DIN : 05136947

**Ms. Unnati Kanani**

Company Secretary

Membership No. : A35131

Place: Thane

Date: May 23, 2020

# STANDALONE STATEMENT OF CHANGE IN EQUITY

for the year ended March 31, 2020

## A. Equity share capital

(Also refer Note 15)

| (Rs. in Lakhs)                         |                 |
|----------------------------------------|-----------------|
| Particulars                            | Total Equity    |
| As on April 1, 2018                    | 2,000.00        |
| Issue of Share Capital During the Year | 7.88            |
| As on March 31, 2019                   | 2,007.88        |
| Issue of Share Capital During the Year | 325.58          |
| <b>As on March 31, 2020</b>            | <b>2,333.46</b> |

## B. Other Equity

(also refer Note 16)

| (Rs. In Lakhs)                                              |                 |                                |                                                                       |                                                                            |                                         |                  |                    |
|-------------------------------------------------------------|-----------------|--------------------------------|-----------------------------------------------------------------------|----------------------------------------------------------------------------|-----------------------------------------|------------------|--------------------|
| Particulars                                                 | Surplus         |                                |                                                                       |                                                                            |                                         |                  |                    |
|                                                             | General Reserve | Surplus as per Profit and Loss | Capital Redemption Reserve-Fully Redeemable Preference Shares (FRCPS) | Capital Redemption Reserve-Optionally Convertible Preference Shares (OCPS) | Capital Reserve on Business Combination | Security Premium | Total Other Equity |
| Balance as at April 1, 2018                                 | 89.95           | 2,063.41                       | 150.00                                                                | 34.67                                                                      | 720.39                                  | -                | 3,058.41           |
| Profit/Loss for the year                                    | -               | 2,103.67                       | -                                                                     | -                                                                          | -                                       | -                | 2,103.67           |
| Other comprehensive income for the year                     | -               | 10.20                          | -                                                                     | -                                                                          | -                                       | -                | 10.20              |
| Security Premium                                            | -               | -                              | -                                                                     | -                                                                          | -                                       | 144.87           | 144.87             |
| <b>Total inclusive of comprehensive income for the year</b> | <b>-</b>        | <b>2,113.87</b>                | <b>-</b>                                                              | <b>-</b>                                                                   | <b>-</b>                                | <b>144.87</b>    | <b>2,258.73</b>    |
| Transfer to General Reserve                                 | -               | -                              | -                                                                     | -                                                                          | -                                       | -                | -                  |
| Transfer to/from Capital Redemption Reserve - FRCPS         | -               | (75.00)                        | 75.00                                                                 | -                                                                          | -                                       | -                | -                  |
| Transfer to/from Capital Redemption Reserve - OCPS          | 34.67           | -                              | -                                                                     | (34.67)                                                                    | -                                       | -                | -                  |
| Equity Dividend                                             | -               | (200.00)                       | -                                                                     | -                                                                          | -                                       | -                | (200.00)           |
| Taxes Paid                                                  | -               | (37.83)                        | -                                                                     | -                                                                          | -                                       | -                | (37.83)            |
| Tax on Interim & Final Dividend                             | -               | (41.24)                        | -                                                                     | -                                                                          | -                                       | -                | (41.24)            |
| <b>Balance as at March 31, 2019</b>                         | <b>124.62</b>   | <b>3,823.21</b>                | <b>225.00</b>                                                         | <b>-</b>                                                                   | <b>720.39</b>                           | <b>144.87</b>    | <b>5,038.08</b>    |
| Profit/Loss for the year                                    | -               | 2877.24                        | -                                                                     | -                                                                          | -                                       | -                | 2,877.24           |
| Security Premium                                            | -               | -                              | -                                                                     | -                                                                          | -                                       | 5,911.23         | 5,911.23           |
| Other comprehensive income for the year                     | -               | (52.59)                        | -                                                                     | -                                                                          | -                                       | -                | (52.59)            |
| <b>Total inclusive of comprehensive income for the year</b> | <b>-</b>        | <b>2,824.65</b>                | <b>-</b>                                                              | <b>-</b>                                                                   | <b>-</b>                                | <b>5,911.23</b>  | <b>8,735.88</b>    |
| Transfer to General Reserve                                 | -               | -                              | -                                                                     | -                                                                          | -                                       | -                | -                  |

## STANDALONE STATEMENT OF CHANGE IN EQUITY (CONTD.)

for the year ended March 31, 2020

(Rs. In Lakhs)

| Particulars                                         | Surplus         |                                |                                                                                  |                                                                            |                                         |                  |                    |
|-----------------------------------------------------|-----------------|--------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------------------|-----------------------------------------|------------------|--------------------|
|                                                     | General Reserve | Surplus as per Profit and Loss | Capital Redemption Reserve-Fully Redeemable Cumulative Preference Shares (FRCPS) | Capital Redemption Reserve-Optionally Convertible Preference Shares (OCPS) | Capital Reserve on Business Combination | Security Premium | Total Other Equity |
| Transfer to/from Capital Redemption Reserve - FRCPS | 225.00          | -                              | (225.00)                                                                         | -                                                                          | -                                       | -                | -                  |
| Transfer to/from Capital Redemption Reserve - OCPS  | -               | -                              | -                                                                                | -                                                                          | -                                       | -                | -                  |
| Equity Dividend                                     | -               | (350.02)                       | -                                                                                | -                                                                          | -                                       | -                | (350.02)           |
| Taxes Paid                                          | -               | (4.02)                         | -                                                                                | -                                                                          | -                                       | -                | (4.02)             |
| Tax on Interim & Final Dividend                     | -               | (80.15)                        | -                                                                                | -                                                                          | -                                       | -                | (80.15)            |
| Balance as at March 31, 2020                        | 349.62          | 6,213.67                       | -                                                                                | -                                                                          | 720.39                                  | 6,056.10         | 13,339.77          |

The Company has completed Initial Public Offerings (IPO) of 32,55,813 shares of Rs. 10 each at an offer price of 215/- per Equity share aggregating to Rs.70 Crores through Fresh Issue of Equity Shares along with combined offer for sale of 29,00,000 shares by promoters and promoter group selling shareholders. The Equity Shares of the Company are listed on May 8, 2019 on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

As per our report of even date attached

For JMT & Associates  
Chartered Accountants  
Firm Registration No. : 104167W

**Mr. Sanjay Pichholia**  
Partner  
Membership No. : 122651

Place: Thane  
Date: May 23, 2020

For & behalf of the Board of Directors

**Mr. Haridas Kanani**  
Chairman & Managing Director  
DIN : 00185487

**Mr. Mahesh Tanna**  
Chief Financial Officer

**Dr. Harin Kanani**  
Managing Director  
DIN : 05136947

**Ms. Unnati Kanani**  
Company Secretary  
Membership No. : A35131

# STANDALONE STATEMENT OF CASH FLOW

for the year ended March 31, 2020

(Rs. in Lakhs)

| Particulars                                                                                                         | For the Year Ended<br>March 31, 2020 | For the Year Ended<br>March 31, 2019 |
|---------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>                                                                       |                                      |                                      |
| Net Profit/ (Loss) before extra- ordinary items & tax                                                               | 4,121.27                             | 2,934.40                             |
| <b>Adjustments for:</b>                                                                                             | -                                    | -                                    |
| Finance costs recognised in profit or loss                                                                          | 1,192.51                             | 1,193.78                             |
| Investment income recognised in profit or loss                                                                      | (20.38)                              | (38.57)                              |
| Loss on disposal of property, plant and equipment                                                                   | 6.53                                 | -                                    |
| Net (gain)/loss recorded in profit or loss on financial liabilities designated as fair value through profit or loss | 115.85                               | 75.18                                |
| Depreciation and amortisation of non-current assets                                                                 | 524.15                               | 283.68                               |
| Net foreign exchange (gain)/loss                                                                                    | 390.92                               | 207.43                               |
| <b>Operating profit before working capital changes</b>                                                              | <b>6,330.85</b>                      | <b>4,655.90</b>                      |
| <b>Movements in working capital:</b>                                                                                |                                      |                                      |
| (Increase) /decrease in trade and other receivables                                                                 | (1,457.00)                           | (1,929.60)                           |
| (Increase)/decrease in inventories                                                                                  | (5,749.24)                           | (2,238.55)                           |
| (Increase)/decrease in other assets                                                                                 | (684.68)                             | (775.59)                             |
| Increase /(decrease) in trade and other payables                                                                    | (696.76)                             | 614.63                               |
| Increase/(decrease) in provisions                                                                                   | 74.20                                | (388.46)                             |
| Increase/(decrease) in other liabilities                                                                            | 44.36                                | 234.79                               |
| <b>Cash flow from / (utilised in) operating activities post working capital changes</b>                             | <b>(8,469.12)</b>                    | <b>(4,482.78)</b>                    |
| Income taxes paid/ Refunds (net)                                                                                    | (1,273.76)                           | (551.02)                             |
| <b>Net cash flow from / (utilised in) in operating activities (A)</b>                                               | <b>(3,412.03)</b>                    | <b>(377.90)</b>                      |
| <b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>                                                                       |                                      |                                      |
| Interest received                                                                                                   | -                                    | -                                    |
| - BANK & OTHERS                                                                                                     | 8.68                                 | 10.33                                |
| - Other Income                                                                                                      | 11.71                                | 9.68                                 |
| Amounts advanced to related parties                                                                                 | (25.31)                              | (23.40)                              |
| Payments for property, plant and equipment (Net)                                                                    | (2,631.67)                           | (1,830.89)                           |
| Capital WIP                                                                                                         | (230.79)                             | (176.43)                             |
| Payments for intangible assets                                                                                      | (20.76)                              | (7.16)                               |
| <b>Net cash used in investing activities (B)</b>                                                                    | <b>(2,888.16)</b>                    | <b>(2,017.88)</b>                    |
| <b>C) Cash flows from financing activities</b>                                                                      |                                      |                                      |
| Proceeds from issue of equity instruments of the Company                                                            | 7,000.00                             | -                                    |
| Payment for share issue costs                                                                                       | (591.29)                             | -                                    |
| Proceeds from borrowings                                                                                            | 5,359.06                             | 3,933.52                             |
| Repayment of borrowings                                                                                             | (3,705.51)                           | (110.35)                             |
| Finance Cost                                                                                                        | (1,192.51)                           | (993.74)                             |
| Prior Period & other items / Taxes                                                                                  | (176.79)                             | (37.83)                              |

## STANDALONE STATEMENT OF CASH FLOW (CONTD.)

for the year ended March 31, 2020

(Rs. in Lakhs)

| Particulars                                                                           | For the Year Ended<br>March 31, 2020 | For the Year Ended<br>March 31, 2019 |
|---------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Dividends paid on redeemable cumulative preference shares                             | (16.54)                              | (134.14)                             |
| Dividends paid to owners of the Company (incl. Tax)                                   | (430.17)                             | (241.24)                             |
| <b>Net cash flow from /(utilised in) financing activities (C)</b>                     | <b>6,246.25</b>                      | <b>2,416.22</b>                      |
| <b>Net Cash Flow from Operating, Investing and Financing activities</b>               |                                      |                                      |
| Cash and cash equivalents at the beginning of the year                                | 202.14                               | 181.70                               |
| Increase (Decrease) in Cash and cash equivalents (A+B+C)<br>in foreign currencies     | -                                    | -                                    |
| <b>Cash and cash equivalents at the end of the year</b>                               | <b>148.20</b>                        | <b>202.14</b>                        |
| <b>Reconciliation of cash and cash equivalents as per the cash<br/>flow Statement</b> |                                      |                                      |
| Cash and cash equivalents                                                             | 56.02                                | 116.63                               |
| Balance with bank margin                                                              | 92.18                                | 85.51                                |
| <b>Balance as per statement of cash flows</b>                                         | <b>148.20</b>                        | <b>202.14</b>                        |

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow.

### Changes in liability arising from financing activities

|                        | April 1, 2019 | Cash Flows |          | March 31, 2020 |
|------------------------|---------------|------------|----------|----------------|
|                        |               | Receipts   | Payments |                |
| Current Borrowings     | 6,516.57      | 4,149.60   | 472.28   | 10,193.89      |
| Non-current Borrowings | 5,059.40      | 1,681.74   | 3,705.51 | 3,035.63       |
| <b>Total</b>           |               |            |          |                |

Other notes to Accounts & the accompanying notes are an integral part of Standalone Financial Statements

As per our report of even date attached

For JMT & Associates  
Chartered Accountants  
Firm Registration No. : 104167W

For & behalf of the Board of Directors

**Mr. Sanjay Pichholia**  
Partner  
Membership No. : 122651

**Mr. Haridas Kanani**  
Chairman & Managing Director  
DIN : 00185487

**Dr. Harin Kanani**  
Managing Director  
DIN : 05136947

Place: Thane  
Date: May 23, 2020

**Mr. Mahesh Tanna**  
Chief Financial Officer

**Ms. Unnati Kanani**  
Company Secretary  
Membership No. : A35131

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 1. Corporate information

Neogen Chemicals Limited is a Public Limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 having Corporate Identity Number L24200MH1989PLC050919. Company has its registered office at Thane, Maharashtra. The Company is engaged in the business of manufacturing of eco - friendly speciality chemicals which are used in Pharmaceutical, Engineering & Agro-Chemical industries. Neogen has developed significant expertise in highly demanding field of Bromine Compounds, Lithium compounds & more recently advance intermediates for pharmaceutical industries & pesticides industries of world class standards. The principal place of business of the company are at Thane (HO), one unit of Factory at Mahape in Navi Mumbai and another unit of Factory at Karakhadi in District Vadodara, Gujarat & third site at Dahej SEZ, Gujarat is now operational for further expansion of business of Organic Chemistry & Lithium chemistry. The Company caters to both domestic and international markets. The Manufacturing facility is also having well equipped R & D and analytical labs. It has various certificates like ISO 9001:2008, ISO 14001 & ISO 18001 for Safety & Environment, Star Export House from Government of India and Crisil rating.

The Company has completed Initial Public Offerings (IPO) of 32,55,813 shares of Rs. 10 each at an offer price of 215/- per Equity share aggregating to Rs.70 Crores through Fresh Issue of Equity Shares along with combined offer for sale of 29,00,000 shares by promoters and promoter group selling shares. The Equity Shares of the Company are listed on May 8, 2019 on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

## 2. Basis of preparation and Significant accounting policies

### 2.1 Basis of preparation and statement of compliance

The accompanying standalone Financial Statements have been prepared in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and relevant provisions of the Companies Act, 2013.

### *Basis of preparation of financial statements*

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities that are measured at fair value;
- assets held for sale - measured at lower of carrying amount or fair value less cost to sell;
- defined benefit plans - plan assets measured at fair value;

### *Current and non-current classification*

- All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle (not exceeding twelve months) and other criteria set out in the Schedule III to the Act. All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current only. The IndAS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

### *Rounding of amounts*

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lakhs as per the requirement of Schedule III of the Companies Act 2013, unless otherwise stated.

## 2.2 Functional and presentation currency

These standalone Financial Statements are presented in Indian rupees, which is also the Company's functional currency. All amounts have been reported in INR, unless otherwise indicated.

## 2.3 Basis of measurement

The standalone Financial Statements have been prepared on a historical cost basis, except for the following:

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

- Certain financial assets and liabilities (including derivative instruments) that are measured at fair value; and
- Net defined benefit (assets) / liabilities that are measured at fair value of plan assets less present value of defined benefit obligations

## 2.4 Use of estimates and judgements

The preparation of the standalone Financial Statements in accordance with Ind AS requires use of judgements, estimates and assumptions, which affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised prospectively.

This note provides an overview of the areas where there is a higher degree of judgement or complexity. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation. The areas involving critical estimates or judgements are :

- Useful life of intangible asset - Note 2.6 (b)
- Defined Benefit obligation - Note 2.6 (p) (iii)
- Current Tax expense and current tax payable - Note 2.6 (l)
- Deferred tax assets for carried forward tax losses - Note 2.6 (l)
- Impairment of financial assets - Note 2.6 (b)

### *Estimates and judgements are regularly revisited*

Estimates are based on historical experience and other factors, including futuristic reasonable information that may have a financial impact on the company.

## 2.5 Standards issued but not effective (based on Exposure drafts available as on date). The amendments are proposed to be effective for reporting periods beginning on or after April 1, 2020.

Issue of Ind AS 117 - Insurance contracts Ind AS 117 supersedes Ind AS 104 Insurance contracts. It establishes the principles for the recognition, measurement, presentation and disclosure of the insurance contracts

within the scope of the standard. Under the Ind AS 117 model, insurance contracts liabilities will be calculated as the present value of future insurance cash flows with a provision for risk. Application of this standard is not expected to have any significant impact on the Company's financial statements.

## 2.6 Significant accounting policies

A summary of the significant accounting policies applied in the preparation of the financial statements is as given below. These accounting policies have been applied consistently to all the periods presented in the financial statements.

### *a) Investments in subsidiaries, associates and joint ventures*

The investments in subsidiaries, associates and joint ventures are carried in these financial statements at historical 'cost', except when the investment or a portion thereof, is classified as held for sale, in which case it is accounted for as Non-current assets held for sale and discontinued operations. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to P & L.

### *b) Property, plant and equipment*

#### **Recognition and initial measurement**

The Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements on transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including



# NOTES TO STANDALONE FINANCIAL STATEMENTS

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relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Major shut down and overhaul expenditure is capitalised as the activities undertaken improves the economic benefits expected to arise from the asset. It includes professional fees and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy based on Ind AS 23 - Borrowing costs. Such properties are classified to the appropriate categories of PPE when completed and ready for intended use.

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 Company and the cost of item can be measured reliably. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

In case an item of property, plant and equipment is acquired on deferred payment basis, interest expenses included in deferred payment is recognised as interest expense and not included in cost of asset.

## **Depreciation and amortisation estimated useful life and residual value**

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognised so as to write off the cost of assets (other than free hold land and properties under construction) less their residual values over their useful lives, using straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

| Description of Asset Class    | Useful life as per Schedule II |
|-------------------------------|--------------------------------|
| Buildings                     | 30 years                       |
| Plant and machinery           | 20 years                       |
| M.S. Structure & FRP Gratings | 20 years                       |
| Effluent Treatment Plant      | 20 years                       |
| Safety Equipments             | 10 years                       |
| Quality Control Instruments   | 10 years                       |
| & R & D Equipments            |                                |
| Office equipment's            | 5 years                        |
| I T Equipments                | 3 years                        |
| Furniture and fixtures        | 10 years                       |
| Vehicles                      | 8 years                        |

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term, if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term. Leasehold improvements are amortised over the period of lease which ranges from 1 to 99 years.

The company reviews the residual value, useful lives and depreciation method annually and if, expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

## **De-recognition**

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the restated standalone statement of profit and loss when the asset is derecognised.

## **c) Intangible assets**

### **Recognition and initial measurement**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting year, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Where intangible asset is acquired in a business combination, it is measured at its acquisition date fair value.

Internally generated intangible asset is recognised as an asset in the books only and only when the company develops an identifiable intangible asset and the following criteria are satisfied:

- It is technically feasible to complete the software so that it will be available for use
- Management intends to complete the software and use or sell it
- There is an ability to use or sell the software
- It can be demonstrated how the software will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- The expenditure attributable to the software during its development can be reliably measured

Directly attributable costs that are capitalised as part of the intangible asset include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

## Useful life and amortisation

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-

line basis over the useful lives of the asset from the date of capitalisation as below:

- Computer software 3-5 years
- Non-compete fees 1-3 year(s)

The estimated useful life is reviewed at the end of each reporting period and the effect of any changes in estimate is accounted for prospectively.

Intangible assets acquired in a business combination namely Goodwill, Patents, Copyrights and Brands do not have definite useful life and thus, are not amortised. However, these assets are tested for impairment on an annual basis. These are further tested for impairment upon any indication of impairment subsequent to annual testing.

## De recognition

Intangible assets are derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised. The Company has elected to continue with carrying value of all its intangible assets recognised as on transition date, measured as per the previous GAAP and use that carrying value as its deemed cost as of transition date.

## Impairment

At the end of each reporting year, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss

Goodwill and intangible assets that do not have definite useful life are not amortised and are tested at least annually for impairment. If events or changes in circumstances indicate that they might be impaired, they are tested for impairment once again.

## d) Inventory

Inventories are valued at cost or net realizable value, whichever is lower. The cost in respect of the various items of inventory is computed as under:

- Raw material cost includes cost of purchases and other costs incurred in bringing the inventories to their present location and condition
- Stores and spares cost include cost of purchases and other costs incurred in bringing the inventories to their present location and condition

- In case of work in progress at raw material cost plus direct conversion and a proportion of fixed manufacturing overheads allocated based on the normal operating capacity but excluding borrowing costs
- In case of finished goods-cost includes cost of direct material, labour, other direct cost and a proportion of fixed manufacturing overheads allocated based on the normal operating capacity but excluding borrowing costs
- In case of scrap of goods, the same are valued at net realizable value

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The net realizable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost, except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realizable value

## e) Cash and cash equivalents

Cash and cash equivalent comprise cash at banks and on hand and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## f) Share Capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options and buy back of ordinary shares are recognised as a deduction from equity, net of any tax effects.

## g) Foreign currency transactions

The financial information is presented in Indian Rupee ('Rs.') which is also the functional currency of the Company, rounded off to nearest lacs up to two decimals.

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income/ expenses, as the case may be.

## **h) Provisions and contingent liabilities**

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises when there is a presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or

- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made

## **i) Revenue Recognition**

Revenue is recognised to the extent it is probable that future economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable net of related rebates. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from sale of goods is recognised when substantial risk and rewards of the ownership are transferred to the buyer under the terms of the contract.

The Company recognises revenues on sale of products, net of discounts, rebates granted, returns, GST and duties

## **j) Other income**

### **a. Interest Income**

Interest income is recognised on time proportion basis considering the amount outstanding and rate applicable. For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR) that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets.

### **b. Government grant**

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the company will comply with the condition attached to them and (ii) the grant / subsidy will be received.

Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the years in which the Company recognises as expenses the related costs for

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

which the grants are intended to compensate or when performance obligations are made.

Where the grant relates to an asset, it is recognised as deferred income and credited to income in equal amounts over the expected useful life of the related asset.

## **k) Employee benefits**

Expenses and liabilities in respect of employee benefits are recorded in accordance with Indian Accounting Standard 19- Employee Benefits.

## **l) Borrowing costs**

Borrowing costs directly attributable to the acquisitions, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Capitalisation of borrowing costs is suspended in the period during which the active development is delayed due to, other than temporary, interruption.

## **m) Income taxes**

The income tax expense recognised in the financial statement of profit and loss comprises the sum of deferred tax and current tax not recognised in Other Comprehensive Income (OCI) or directly in equity.

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Current tax relating to items is recognised outside statement of profit and loss (that is in OCI or equity depending upon the treatment of underlying item).

Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss,

unused tax credits or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. 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 asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside statement of profit and loss (in OCI or equity depending upon the treatment of underlying item).

Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each financial statement of assets and liabilities date and writes down the carrying amount of MAT credit entitlement to the extent it is not reasonably certain that the Company will pay normal income-tax during the specified period.

The Company has benefited from certain income tax incentives that the Government of India had provided for export of software from the units registered under the Special Economic Zones Act (SEZs), 2005. SEZ units

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

which began the provision of services on or after April 1, 2005 are eligible for a deduction of 100% of profits or gains derived from the export of services for the first five years from the financial year in which the unit commenced the provision of services and 50% of such profits or gains for further five years. Up to 50% of such profits or gains is also available for a further five years subject to creation of a Special Economic Zone Re-investment Reserve out of the profit for the eligible SEZ units and utilisation of such reserve by the Company for acquiring new plant and machinery for the purpose of its business as per the provisions of the Income tax Act, 1961.

## n) *Earnings per share*

Basic earnings per share is calculated by dividing the net profit or loss for the financial year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the financial year. The weighted average number of equity shares outstanding during the financial year is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## o) *Lease*

The company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

### **As a lessee**

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date,

plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position. (Refer Note 18).

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of an asset to the Company. All other leases are classified as operating leases. Finance leases are capitalised at the lease's inception at the fair value of the leased



# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

property or, if lower, the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Land under perpetual lease for is accounted as finance lease which is recognised at upfront premium paid for the lease and the present value of the lease rent obligation. The corresponding liability is recognised as a finance lease obligation. Land under non-perpetual lease is treated as operating lease.

Operating lease payments for land are recognised as prepayments and amortised on a straight-line basis over the term of the lease. Contingent rentals, if any, arising under operating leases are recognised as an expense in the period in which they are incurred.

## **p) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting done to the Chief Operating Decision Maker. The Company operates in a single operating segment. The board of directors is collectively the company's 'Chief Operating Decision maker' or 'CODM' within the meaning of -Ind AS 108.

### **Information about Major Customers**

During the year ended March 31, 2020 and March 31, 2019 respectively, revenue from single customer did not amount to 10% or more of the companies revenue from external customer.

## **q) Significant accounting judgements, estimates and assumptions**

When preparing the financial information management undertakes a number of judgments, estimates and assumptions about

recognition and measurement of assets, liabilities, income and expenses.

The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:

### **Significant judgements:**

#### **(i) Recognition of deferred tax assets**

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised. The recognition of deferred tax assets and reversal thereof is also dependent upon management decision relating to timing of availment of tax holiday benefits available under the Income Tax Act, 1961 which in turn is based on estimates of future taxable profits.

#### **(ii) Contingent liabilities**

The Company is the subject of certain legal proceedings which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable, and the



# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

amount of the loss can be reasonably estimated.

(iii) Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

(iv) Allowance for doubtful debts

The allowance for doubtful debts reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Company's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, dealer termination rates, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Company's debtors compared to that already taken into consideration in calculating the allowances recognised in the financial statements.

(v) Litigation

From time to time, the Company might be subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made, and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavorable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and

revisions made for the changes in facts and circumstances.

Sources of estimation uncertainty:

(i) Provisions

At each standalone statement of assets and liabilities date, basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding warranties and guarantees. However, the actual future outcome may be different from management's estimates.

(ii) Recoverability of advances/receivables

At each standalone statement of assets and liabilities date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

**r) Business combination**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree if any. Acquisition-related costs are expensed as incurred.

At the acquisition date, the indentifiable assets acquired and the liabilities assumed if any are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred (bargain purchase), the company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in Other Comprehensive Income (OCI) an accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

## **s) Investments in subsidiaries, joint ventures and associates**

Investments in subsidiaries, joint ventures and associates are recognised at cost as per Ind AS 27. Except where investment accounted for at cost shall be accounted for in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, when they are classified as held for sale.

## **t) Investment and other financial assets**

### **a. Classification**

The Company classifies its financial assets in the following measurement categories:

- i. those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and
- ii. those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

### **b. Measurement**

At initial recognition, the Company measures a financial asset at its fair value. Transaction cost of financial assets carried at fair value through the Profit and Loss are expensed in the Statement of Profit and Loss.

## **u) Debt instruments:**

Subsequent measurement of debt instruments depends on the Company's business model for managing the assets and the cash flow characteristics of the assets. The Company classifies its debt instruments into following categories:

- i. Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent safety payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method.
- ii. Fair value through profit and loss: Assets that do not meet the criteria for amortised cost are measured at fair value to the statement of profit and loss. Interest income from these financial assets is included in other income.

## **v) Short - term obligation**

Liabilities for wages and salaries, including non-monetary benefits that are expected to

# NOTES TO STANDALONE FINANCIAL STATEMENTS

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be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services upto the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

## w) *Other long - term employee benefit obligations*

The liabilities for earned leave and sick leave that are not expected to be settled wholly within 12 months are measured as the present value of expected future payments to be made in respect of services provided by employees upto the end of the reporting period using the projected unit credit method. The benefits are discounted using the discount rates for Government Securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurement as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

### a. **Post - employment obligations**

The company operates the following post employment schemes

- (a) defined benefits plans
- (b) such as gratuity and leave encashment, and
- (c) defined contribution plans such as provident fund etc.

### b. **Leave and gratuity obligations**

The liability or asset recognised in the balance sheet in the respect of defined benefit pension and gratuity plans in the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan asset. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to the market yields at the end of the reporting period on Government bonds that have terms

approximating to the terms of the related obligations.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

### c. **defined contribution plans**

Defined contribution plans such as provident fund etc., are charged to the Statement of Profit and Loss as and when incurred.

### d. **Termination benefits**

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the company can no longer withdraw the offer of those benefits; and (b) when the Company recognises cost for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

### x) *Financial instruments*

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

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 Statement of Profit and Loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in Statement of Profit and Loss.

## y) **Financial assets**

### a) **Recognition and initial measurement**

The Company initially recognises loans and advances, deposits and debt securities purchased on the date on which they originate. Purchases and sale of financial assets are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. All financial assets are recognised initially at fair value. In the case of financial assets not recorded at FVTPL, transaction costs that are directly attributable to its acquisition of financial assets are included therein.

### b) **Classification of financial assets and Subsequent Measurement**

On initial recognition, a financial asset is classified to be measured at –

- Amortised cost; or
- Fair Value through Other Comprehensive Income (FVTOCI) – debt investment; or
- Fair Value through Other Comprehensive Income (FVTOCI) – equity investment; or
- Fair Value through Profit or Loss (FVTPL)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is classified as FVTOCI only if it meets both of the following conditions and is not recognised at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the Other Comprehensive Income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

All equity investments in scope of IND AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which IND AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, on sale/disposal the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces and accounting mismatch that would otherwise arise.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains and losses arising on remeasurement recognised in statement of profit or loss. The net gain or loss recognised in statement of profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income' line item. Dividend on financial assets at FVTPL is recognised when:

- The Company's right to receive the dividends is established,
- It is probable that the economic benefits associated with the dividends will flow to the entity,
- The dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably

## Derecognition of financial assets

The Company derecognises a financial asset 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 party.

## Impairment

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (that is all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months. If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous year, but determines at the end of a reporting year that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous year, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

## Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL and Interest income is recognised in profit or loss.

## Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period.



# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

| Original classification | Revised classification | Accounting treatment                                                                                                                                                                                                                                 |
|-------------------------|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Amortised cost          | FVTPL                  | Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in Statement of Profit and Loss.                                                                                            |
| FVTPL                   | Amortised Cost         | Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.                                                                                                                 |
| Amortised cost          | FVTOCI                 | Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.                                                                           |
| FVTOCI                  | Amortised cost         | Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost. |
| FVTPL                   | FVTOCI                 | Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.                                                                                                                                                |
| FVTOCI                  | FVTPL                  | Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to Statement of Profit and Loss at the reclassification date.                                                                     |

## A-Financial liabilities and equity instruments

### a) Classification as debt or equity

Debt and equity instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of directly attributable transaction costs.

### c) Financial liabilities

Financial liabilities are classified as measured at amortised cost or 'FVTPL'.

A Financial Liability is classified as at FVTPL if it is classified as held-for-trading

or it is a derivative (that does not meet hedge accounting requirements) or it is designated as such on initial recognition.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;



# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IND AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with IND AS 109

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the Statement of Profit and Loss

**d) Other financial liabilities**

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

**e) Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of

a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**Offsetting financial instrument**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle financial asset and liability on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**z) Corporate social responsibility**

As per section 135 of the Companies Act, 2013, a company meeting the applicable threshold, needs to spend at least 2 % of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas of CSR activities are eradication of hunger and malnutrition, promoting child education, environment sustainability, water, health and safety, COVID-19 relief and rural development projects. A CSR committee has been formed by the company as per the Act. The gross amount required to be spent by the company during the year is Rs 39.06 lakhs and the company has spent Rs 39.37 lakhs.

## 2.7 Change in Accounting Policy

Except as specified below, the company has consistently applied the accounting policies to all periods presented in this financial statement. The company has applied Ind AS 116 with the date of initial application of April 1, 2019. As a result, the company has changed its accounting policy for lease contracts as detailed below.

The company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at April 1, 2019.

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

| Particulars                                                 | Amount  |
|-------------------------------------------------------------|---------|
| Lease commitments as at March 31, 2019                      | 76.76   |
| Add/(less): contracts reassessed as lease contracts         | 23.59   |
| Add/(less): adjustments on account of extension/termination | (13.16) |
| Lease liabilities as on April 1, 2019                       | 87.19   |
| Current lease liability                                     | 30.00   |
| Non current lease liabilities                               | 57.19   |

Right of use assets of Rs. 718.78 and lease liabilities of Rs. 650.33 have been recognised as on April 1 2019.

The impact of change in accounting policy on account on adoption of Ind AS 116 is as follows :

| Particulars                                 | Amount |
|---------------------------------------------|--------|
| Decrease in Property Plant and equipment by | -      |
| Increase in lease liability by              | 634.82 |
| Increase in rights of use by                | 645.64 |
| Increase/Decrease in Deferred tax assets by | 229.95 |
| Increase/Decrease in finance cost by        | 64.26  |
| Increase/Decrease in depreciation by        | 139.33 |

## 2.7 (i) As Lessee

### (A) Additions to right of use assets

Property, plant and equipment comprises owned and leased assets that do not meet the definition of investment property.

| Particulars                                         | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-----------------------------------------------------|-------------------------|-------------------------|
| Property, plant and equipment owned                 | -                       | -                       |
| Right-of-use assets, except for investment property | 789.68                  | -                       |

### (B) Carrying value of right of use assets at the end of the reporting period

|                                                            | Total         |
|------------------------------------------------------------|---------------|
| <b>Right-of-use assets, except for investment property</b> |               |
| Office premises at Vadodara                                | 25.97         |
| Warehouse at Navi Mumbai                                   | 359.42        |
| Office premises at Thane                                   | 264.94        |
|                                                            | <b>650.33</b> |

### (C) Maturity analysis of lease liabilities

| Maturity analysis – contractual undiscounted cash flows                                    | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Less than one year                                                                         | 147.70                  | -                       |
| One to five years                                                                          | 571.08                  | -                       |
| More than five years                                                                       | 0.00                    | -                       |
| <b>Total undiscounted lease liabilities at March 31, 2020</b>                              | <b>718.78</b>           | -                       |
| <b>Lease liabilities included in the statement of financial position at March 31, 2020</b> | <b>718.78</b>           | -                       |
| Current                                                                                    | 147.70                  | -                       |
| Non-Current                                                                                | 571.08                  | -                       |

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

## (D) Amounts recognised in profit or loss

| Particulars                                                                                      | for the year ended<br>March 31, 2020 | for the year ended<br>31 March, 2019 |
|--------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Interest on lease liabilities                                                                    | 64.26                                | -                                    |
| Variable lease payments not included in the measurement of lease liabilities                     | -                                    | -                                    |
| Income from sub-leasing right-of-use assets                                                      | -                                    | -                                    |
| Expenses relating to short-term leases                                                           | 131.33                               | 264.10                               |
| Expenses relating to leases of low-value assets, excluding short-term leases of low value assets |                                      |                                      |

## (E) Amounts recognised in the statement of cash flows

| Particulars                   | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------------|-------------------------|-------------------------|
| Total cash outflow for leases | 286.94                  | 264.10                  |

## 2.7 (ii) As Lessor

### (A) Operating Lease

The Company has not entered into operating leases on its office buildings.

### (B) Finance Lease

The Company has no finance leases for various items of plant and machinery.

## 3. Recent accounting pronouncement

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the standalone financial information and the impact is not material.

## Ind AS 115- Revenue from Contract with Customers

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8-Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch - up approach)
- The Company is not expected to have any impact of this pronouncement on its standalone financial information

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

## Adoption of Ind AS 116- Leases

Effective April 1, 2019, the Company adopted Ind As 116, Leases and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently the company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the ROU asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019, have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for the year ended March 31, 2019

The Company has adopted modified retrospective approach as per IND AS 116-Lease, effective from annual reporting period beginning April 1, 2019. This has resulted in recognising right of use assets and corresponding lease liability as at March 31, 2020, in the Standalone balance sheet respectively. In the statement of Profit and Loss for the current period, operating lease expenses has changed from rent to depreciation cost for the right of use assets and finance cost for interest accrued on lease liability.

## COVID-19

The World Health Organisation announced a global health emergency due to a new strain of corona virus ("COVID-19") and classified this outbreak as a pandemic in March 2020 following which Government of India announced a countrywide lockdown from March 24, 2020. Since majority of the products made by company are used as raw material / intermediates for Pharma, the company was classified in the definition of essential services. Manufacturing at all the plants of the Company were closed for production from March 24, 2020. Company applied for resumption of operation to the government, and after getting necessary permissions and making arrangements to meet government requirements on sanitisation, people movement and social distancing, the Company restarted its manufacturing operations gradually during April 2020 with all three plants resuming production by April 20, 2020. Due to this lockdown, the company could not complete final processing / packing /dispatch of its goods scheduled during this period resulting into higher levels of inventories and lower than expected revenue for FY March 31,2020. Due to closure of some of the customer plants / offices and difficulty in international shipments and port operations during this period, some of the receivable collection was also impacted resulting in higher receivables as on March 31,2020.

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 4(a). Recent accounting pronouncement

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2020 and March 31, 2019

| Description                                  | Freehold Land   | Leasehold Land | Factory buildings | Plant & Machinery | M.S. Structure & FRP Gratings | Quality Control Instruments | R & D Equipments | Effluent Treatment Equipments | Safety Equipments | Office Equipments | I.T. Equipments | Motor Car    | Furniture & Fixtures | Total            |
|----------------------------------------------|-----------------|----------------|-------------------|-------------------|-------------------------------|-----------------------------|------------------|-------------------------------|-------------------|-------------------|-----------------|--------------|----------------------|------------------|
| <b>Gross carrying value (at deemed cost)</b> |                 |                |                   |                   |                               |                             |                  |                               |                   |                   |                 |              |                      |                  |
| Balance as at April 1, 2019*                 | 2,805.81        | 907.36         | 851.15            | 2,880.81          | 472.03                        | 269.34                      | 124.78           | 65.32                         | 25.83             | 58.95             | 103.36          | 73.49        | 99.64                | 8,737.88         |
| Additions                                    | -               | -              | 784.95            | 1,311.63          | 51.52                         | 9.74                        | 103.00           | -                             | 9.00              | 35.85             | 35.56           | -            | 149.07               | 2,490.31         |
| Deletions / discarded / adjustments          | -               | (2.57)         | -                 | (7.40)            | -                             | -                           | -                | -                             | -                 | -                 | -               | -            | -                    | (9.97)           |
| <b>Balance as at March 31, 2020</b>          | <b>2,805.81</b> | <b>904.79</b>  | <b>1,636.10</b>   | <b>4,185.04</b>   | <b>523.55</b>                 | <b>279.08</b>               | <b>227.78</b>    | <b>65.32</b>                  | <b>34.82</b>      | <b>94.80</b>      | <b>138.92</b>   | <b>73.49</b> | <b>248.72</b>        | <b>11,218.22</b> |
| <b>Accumulated depreciation</b>              |                 |                |                   |                   |                               |                             |                  |                               |                   |                   |                 |              |                      |                  |
| As at April 1, 2019*                         | -               | 23.87          | 61.66             | 197.12            | 63.51                         | 32.69                       | 18.33            | 10.39                         | 5.33              | 9.14              | 33.66           | 2.68         | 8.30                 | 466.69           |
| Charge for the year                          | -               | 15.75          | 41.74             | 168.03            | 34.64                         | 27.34                       | 17.77            | 5.22                          | 2.70              | 12.35             | 31.82           | 8.58         | 15.08                | 381.01           |
| Deletions                                    | -               | (0.01)         | -                 | (1.67)            | -                             | -                           | -                | -                             | -                 | -                 | -               | -            | -                    | (1.68)           |
| <b>Balance as at March 31, 2020</b>          | <b>-</b>        | <b>39.61</b>   | <b>103.40</b>     | <b>363.48</b>     | <b>98.15</b>                  | <b>60.03</b>                | <b>36.10</b>     | <b>15.61</b>                  | <b>8.02</b>       | <b>21.49</b>      | <b>65.48</b>    | <b>11.27</b> | <b>23.38</b>         | <b>846.01</b>    |
| <b>Net carrying amount</b>                   |                 |                |                   |                   |                               |                             |                  |                               |                   |                   |                 |              |                      |                  |
| As at April 1, 2019                          | 2,805.81        | 883.49         | 789.49            | 2,683.69          | 408.52                        | 236.65                      | 106.45           | 54.93                         | 20.50             | 49.81             | 69.70           | 70.81        | 91.35                | 8,271.19         |
| As at March 31, 2020                         | 2,805.81        | 865.18         | 1,532.70          | 3,821.56          | 425.40                        | 219.05                      | 191.68           | 49.71                         | 26.80             | 73.32             | 73.44           | 62.23        | 225.34               | 10,372.21        |

\*The Company has availed the deemed cost exemption in relation to the property plant and equipment on the date of transition April 1, 2017 and hence the net block carrying amount has been considered as the gross block carrying amount on that date.

Certain property, plant and equipment are pledged against borrowings, the details relating to which have been described in Note 17 a

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 4(b).Right of Use Assets

Following are the changes in the carrying value of Right to Use Assets for the year ended March 31, 2020 and the year ended March 31, 2019.

(Rs. in Lakhs)

| Description                           | Balance as at<br>March 31, 2020 | Balance as at<br>March 31, 2019 |
|---------------------------------------|---------------------------------|---------------------------------|
| Opening                               | -                               | -                               |
| Additions                             | 789.68                          | -                               |
| Deletions / discarded / adjustments   | -                               | -                               |
|                                       | 789.68                          | -                               |
| <b>Less: Accumulated Amortisation</b> |                                 |                                 |
| Opening balance                       | -                               | -                               |
| Charge for the year                   | 139.35                          | -                               |
| Deletions                             | -                               | -                               |
|                                       | 139.35                          | -                               |
| <b>Net Carrying Amount</b>            | <b>650.33</b>                   | <b>-</b>                        |

## 5. Capital Work in Progress

Following are the changes in the carrying value of Capital work in progress for the year ended March 31, 2020 and the year ended March 31, 2019

(Rs. in Lakhs)

| Description                 | Balance as at<br>March 31, 2020 | Balance as at<br>March 31, 2019 |
|-----------------------------|---------------------------------|---------------------------------|
| Opening                     | 38.53                           | 137.89                          |
| Additions                   | 1,892.50                        | 38.53                           |
| Capitalised during the year | (1,661.70)                      | (137.89)                        |
| <b>Closing</b>              | <b>269.33</b>                   | <b>38.53</b>                    |

## 6. Intangible assets

Following are the changes in the carrying value of Intangible assets for the year ended March 31, 2020 and the year ended March 31, 2019

(Rs. in Lakhs)

| Description                           | Balance as at<br>March 31, 2020 | Balance as at<br>March 31, 2019 |
|---------------------------------------|---------------------------------|---------------------------------|
| <b>SOFTWARE and CONSULTANCY</b>       |                                 |                                 |
| Opening                               | 12.99                           | 5.83                            |
| Additions                             | 24.56                           | 7.16                            |
| Deletions / discarded / adjustments   | -                               | -                               |
|                                       | 37.55                           | 12.99                           |
| <b>Less: Accumulated Amortisation</b> |                                 |                                 |
| Opening balance                       | 2.19                            | 0.78                            |
| Charge for the year                   | 3.79                            | 1.41                            |
| Deletions                             | -                               | -                               |
|                                       | 5.98                            | 2.19                            |
| <b>Net Carrying Amount</b>            | <b>31.57</b>                    | <b>10.80</b>                    |

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 7. Non-current financial assets - Investments (measured at cost)

(Rs. in Lakhs)

| Particulars                                                 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------------------------------------------|-------------------------|-------------------------|
| Investment in Partnership Firm - Dhara Fine Chem Industries | 45.00                   | 45.00                   |
| <b>Total</b>                                                | <b>45.00</b>            | <b>45.00</b>            |

## 8. Non-current other financial assets

Unsecured, considered good

(Rs. in Lakhs)

| Particulars       | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------|-------------------------|-------------------------|
| Security Deposits | 588.47                  | 253.88                  |
| <b>Total</b>      | <b>588.47</b>           | <b>253.88</b>           |

## 9. Other non-current assets

Unsecured, considered good

(Rs. in Lakhs)

| Particulars      | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|------------------|-------------------------|-------------------------|
| Capital advances | 406.96                  | 40.20                   |
| <b>Total</b>     | <b>406.96</b>           | <b>40.20</b>            |

## 10. Inventories

(at lower of cost and net realisable value)

(Rs. in Lakhs)

| Particulars         | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---------------------|-------------------------|-------------------------|
| - Raw materials*    | 2,650.57                | 1,339.29                |
| - Work in Progress* | 7,824.26                | 4,821.40                |
| - Finished goods*   | 2,291.71                | 933.34                  |
| - Stores & Spares   | 175.78                  | 117.71                  |
| - Fuel              | 7.56                    | 6.42                    |
| - Packing           | 37.18                   | 19.66                   |
| <b>Total</b>        | <b>12,987.06</b>        | <b>7,237.82</b>         |

\*Hypothecated with Banks for Working Capital Limit

## 11. Trade Receivables\*

(Rs. in Lakhs)

| Particulars                                                        | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--------------------------------------------------------------------|-------------------------|-------------------------|
| - Unsecured, considered good -Outstanding for more than Six Months | 174.84                  | 113.59                  |
| 'Unsecured considered goods                                        |                         | -                       |
| For Export                                                         | 1,785.80                | 1,430.13                |
| For Domestic                                                       | 5,562.27                | 4,522.19                |
| <b>Total</b>                                                       | <b>7,522.91</b>         | <b>6,065.91</b>         |

\*Hypothecated with Banks for Working Capital Limit



# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 12a. Cash and cash equivalents

| (Rs. in Lakhs)       |                         |                         |
|----------------------|-------------------------|-------------------------|
| Particulars          | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
| Balance with banks : |                         |                         |
| - in current account | 41.70                   | 94.59                   |
| Cash in hand         | 14.32                   | 22.05                   |
| <b>Total</b>         | <b>56.02</b>            | <b>116.64</b>           |

## 12b. Bank balances other than those disclosed in Note 12a above

| (Rs. in Lakhs)                                                                          |                         |                         |
|-----------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Particulars                                                                             | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
| - in deposit accounts held as margin money against Bank<br>Guarantee & Letter of credit | 92.18                   | 85.51                   |
| <b>Total</b>                                                                            | <b>92.18</b>            | <b>85.51</b>            |

## 13a. Loans

| (Rs. in Lakhs)                                                                            |                         |                         |
|-------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Particulars                                                                               | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
| Loan to Related Parties - Partnership firm Dhara Fine Chem<br>Industries (Joint Venture)* | 63.72                   | -                       |
| *Refer Note 36 - Related Party Disclosures                                                |                         |                         |
| <b>Total</b>                                                                              | <b>63.72</b>            | <b>-</b>                |

## 13b. Other Current financial assets

(Measured at Amortised Cost)

| (Rs. in Lakhs)                                                                   |                         |                         |
|----------------------------------------------------------------------------------|-------------------------|-------------------------|
| Particulars                                                                      | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
| Loans and Advances to employees                                                  | 25.72                   | 15.73                   |
| Related Parties - Partnership firm Dhara Fine Chem<br>Industries (Joint Venture) |                         |                         |
| Loans *                                                                          | -                       | 38.40                   |
| Receivables                                                                      | -                       | 22.45                   |
| (Asset measured at Fair Value through Profit or loss)                            |                         |                         |
| <b>Total</b>                                                                     | <b>25.72</b>            | <b>76.58</b>            |

\*Refer Note 36 - Related Party Disclosures

## 14. Other current assets

| (Rs. in Lakhs)                       |                         |                         |
|--------------------------------------|-------------------------|-------------------------|
| Particulars                          | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
| Advances to Trade Creditors          | 70.96                   | 128.43                  |
| Balances with Government Authorities | 2,055.61                | 2,057.49                |
| Preliminary / Pre-Operative Expenses | -                       | 175.24                  |
| Prepaid expenses                     | 295.64                  | 65.26                   |
| <b>Total</b>                         | <b>2,422.21</b>         | <b>2,426.42</b>         |

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 15. Share Capital

| Particulars                                                       | (Amount Rs. in Lakhs) |                 |                    |                 |
|-------------------------------------------------------------------|-----------------------|-----------------|--------------------|-----------------|
|                                                                   | As at                 |                 | As at              |                 |
|                                                                   | March 31, 2020        |                 | March 31, 2019     |                 |
|                                                                   | No of Shares          | Rs.             | No of Shares       | Rs.             |
| <b>Authorised</b>                                                 |                       |                 |                    |                 |
| Equity Shares of Rs.10/- each                                     | 2,50,00,000           | 2,500.00        | 2,50,00,000        | 2,500.00        |
| Optionally Convertible Preference Shares of Rs.100/- each .       | 5,00,000              | 500.00          | 5,00,000           | 500.00          |
| Fully Reedemable Cumulative Preference Shares of Rs.100/- each    | 20,00,000             | 2,000.00        | 20,00,000          | 2,000.00        |
|                                                                   |                       | <b>5,000.00</b> |                    | <b>5,000.00</b> |
| <b>Issued, Subscribed and Fully Paid up</b>                       |                       |                 |                    |                 |
| Equity Shares of Rs.10/- each fully paid-up                       | 2,33,34,606           | 2,333.46        | 2,00,78,793        | 2,007.88        |
| Optionally Convertible Preference Shares of Rs.100/- each**       | -                     | -               | -                  | -               |
| Fully Reedemable Cumulative Preference Shares of Rs.100/- each ** | -                     | -               | -                  | -               |
|                                                                   | <b>2,33,34,606</b>    | <b>2,333.46</b> | <b>2,00,78,793</b> | <b>2,007.88</b> |

\*\* On transition to Ind AS as per Ind AS 109 the same has been considered under Long Term Borrowings.

## 15.1 The reconciliation of the number of shares outstanding is set out below:-

| Particulars                                            | (Amount Rs. in Lakhs) |                 |                    |                 |
|--------------------------------------------------------|-----------------------|-----------------|--------------------|-----------------|
|                                                        | As at                 |                 | As at              |                 |
|                                                        | March 31, 2020        |                 | March 31, 2019     |                 |
|                                                        | No of Shares          | Rs.             | No of Shares       | Rs.             |
| At the beginning of the year                           |                       |                 |                    |                 |
| Equity Shares outstanding at the beginning of the year | 2,00,78,793           | 2,007.88        | 2,00,00,000        | 2,000.00        |
| Add: Issued during the year                            |                       |                 |                    | -               |
| Conversion of OPCS to Equity                           |                       | -               | 78,793             | 7.88            |
| Equity shares allotted                                 | 32,55,813             | 325.58          | -                  | -               |
| At the end of the year                                 |                       | -               |                    |                 |
| Equity Shares outstanding at the end of the year       | <b>2,33,34,606</b>    | <b>2,333.46</b> | <b>2,00,78,793</b> | <b>2,007.88</b> |

## 15.2 a Rights, Preferences & Restriction of each class of shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each Shareholder is eligible for one vote per share.

During the year the company issued 32,55,813 equity shares of Rs 10/- each at a premium of Rs @ 205/- per share in the successful Initial Public Offers and listed on BSE and NSE stock exchanges on May 8, 2019

- (b) The Company has allotted 20,00,000 & 1,55,00,000 Bonus Equity shares in financial year 2012-13 & 2015-16 respectively. The Company has allotted Bonus Equity shares in the proportion of 4 equity shares for every 5 equity shares held (FY 2012-13) & 62 fully paid equity shares for every 18 equity shares held(FY 2015-16). The face value of bonus shares of Rs.2,00,00,000 & Rs.15,50,00,000 allotted out of reserves and surplus.

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 15.3 Details of Equity shares held by each equity shareholder holding more than 5% shares:

| Class of Shares / Name of Shareholder      | for the period ended<br>March 31, 2020 |                                         | As at<br>March 31, 2019  |                                         |
|--------------------------------------------|----------------------------------------|-----------------------------------------|--------------------------|-----------------------------------------|
|                                            | Number of<br>shares held               | % holding in<br>that class of<br>shares | Number of<br>shares held | % holding in<br>that class of<br>shares |
| <b>Equity shares with Voting Rights</b>    |                                        |                                         |                          |                                         |
| Mr. Haridas T. Kanani                      | 1,23,00,080                            | 52.71%                                  | 1,39,99,680              | 69.72%                                  |
| Mrs. Beena H Kanani                        | 10,26,311                              | 4.40%                                   | 22,26,711                | 11.09%                                  |
| Dr. Harin H Kanani                         | 20,00,000                              | 8.57%                                   | 20,00,000                | 9.96%                                   |
| SBI Mutual Fund under its various Schemes  | 15,33,148                              | 6.57%                                   | -                        | -                                       |
| Axis Mutual Fund under its various schemes | 11,67,749                              | 5.00%                                   | -                        | -                                       |

## 16. Other Equity

(Rs. in Lakhs)

| Particulars                                              | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|----------------------------------------------------------|-------------------------|-------------------------|
| General Reserve                                          | 349.62                  | 124.62                  |
| Retained Earnings (including other comprehensive income) | 6,213.67                | 3,823.21                |
| Capital Redemption Reserve-FRCPS                         |                         | 225.00                  |
| Securities Premium                                       | 6,056.10                | 144.87                  |
| Capital Reserve on Business Combination                  | 720.38                  | 720.38                  |
| <b>Total</b>                                             | <b>13,339.77</b>        | <b>5,038.08</b>         |
| <b>General Reserve</b>                                   |                         |                         |
| Opening balance                                          | 124.62                  | 89.95                   |
| Add: Additional during the year                          | 225.00                  | 34.67                   |
| <b>Closing balance</b>                                   | <b>349.62</b>           | <b>124.62</b>           |
| <b>Statement of P&amp;L</b>                              |                         |                         |
| Opening balance                                          | 3,823.21                | 2,063.41                |
| Add: Profit/(loss) for the year                          | 2,877.24                | 2,103.67                |
| Other comprehensive income /(loss) (net of taxes)        | (52.59)                 | 10.20                   |
| <b>Less:</b>                                             |                         |                         |
| Transferred to CRR-FRCPS                                 | -                       | 75.00                   |
| Dividend on Equity Shares                                | 350.02                  | 200.00                  |
| Tax on Interim/Proposed dividend paid during the year    | 80.15                   | 41.23                   |
| Others                                                   | 4.02                    | 37.83                   |
| <b>Closing balance</b>                                   | <b>6,213.67</b>         | <b>3,823.21</b>         |
| <b>Capital Redemption Reserve-FRCPS</b>                  |                         |                         |
| Opening balance                                          | 225.00                  | 150.00                  |
| Add: Transferred from Profit/(loss) for the year         |                         | 75.00                   |
| Less : Transferred to General Reserves                   | 225.00                  |                         |
| <b>Closing balance</b>                                   | <b>-</b>                | <b>225.00</b>           |

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

| (Rs. in Lakhs)                                   |                         |                         |
|--------------------------------------------------|-------------------------|-------------------------|
| Particulars                                      | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
| <b>Capital Redemption Reserve-OCPS</b>           |                         |                         |
| Opening balance                                  | -                       | 34.67                   |
| Add: Transferred from Profit/(loss) for the year |                         | -                       |
| Less: Transferred to General Reserve             |                         | (34.67)                 |
| <b>Closing balance</b>                           | <b>-</b>                | <b>-</b>                |
| <b>Securities Premium</b>                        |                         |                         |
| Opening balance                                  | 144.87                  | -                       |
| Add: during the year                             | 5,911.23                | 144.87                  |
| <b>Closing balance</b>                           | <b>6,056.10</b>         | <b>144.87</b>           |

| Nature                                  | Purposes of other Reserves                                                                                                                                          |
|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| General Reserve                         | This represents accumulated free reserves of the company                                                                                                            |
| Statement of P&L [Surplus/(Deficit)]    | All the profit or losses made by the company are transferred to statement of P & L from Standalone statement of profit & losses                                     |
| Capital Redemption Reserve-FRCPS        | This reserve represents provision made out of current year profit for the purpose of redemption of fully redeemable preference shares                               |
| Capital Reserve on Business Combination | This represents the capital reserve on account of business combination purchase of unit of Solaris Chemtech industries Ltd.                                         |
| Securities Premium                      | Securities premium account is created when shares are issued at a premium. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013 |

## 17. Borrowings

| (Rs. in Lakhs)                                          |                         |                         |
|---------------------------------------------------------|-------------------------|-------------------------|
| Particulars                                             | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
| <b>Secured (at amortised cost)</b>                      |                         |                         |
| Term loans from Banks and Financial Institutions*       | 3,035.63                | 3,774.67                |
| <b>Unsecured</b>                                        |                         |                         |
| - Deposits from Inter Corporate companies               | -                       | 110.00                  |
| - Debt component for Fully Redeemable Preference Shares | -                       | 1,174.73                |
| <b>Total</b>                                            | <b>3,035.63</b>         | <b>5,059.40</b>         |

\*Refer Note 38 for Company's exposure to liquidity risk and interest rate risk

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

17a.

(Rs. in Lakhs)

| Particulars                                   | As at<br>March 31, 2020 |                  | As at<br>March 31, 2019 |                 |
|-----------------------------------------------|-------------------------|------------------|-------------------------|-----------------|
|                                               | Non - current           | Current          | Non - current           | Current         |
| <b>Secured loans</b>                          |                         |                  |                         |                 |
| Term Loan                                     | 3,035.63                | 482.67           | 3,774.67                | 422.67          |
| Working Capital                               | -                       | 10,193.89        | -                       | 6,516.57        |
| <b>Unsecured loans</b>                        |                         |                  |                         |                 |
| Inter-corporate Deposits                      |                         |                  | 110.00                  | -               |
| Fully Reedemable Cumulative Preference Shares | -                       | -                | 1,174.73                | -               |
| <b>Total</b>                                  | <b>3,035.63</b>         | <b>10,676.56</b> | <b>5059.40</b>          | <b>6,939.24</b> |

| As at<br>March 31, 2020 |         | As at<br>March 31, 2019 |         | Terms of Repayments                                                                    | Security                                                                                                                           |
|-------------------------|---------|-------------------------|---------|----------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Non - current           | Current | Non - current           | Current |                                                                                        |                                                                                                                                    |
| 3,035.63                | 482.67  | 3,774.67                | 422.67  | Instalments of 1-3 years Rs.1,427.28, 3-5 years 1,362.83 and more than 5 yrs Rs.245.32 | Pari passu first charge on all immovable properties and movable assets both present and future located at Mahape, Karakhadi, Dahej |

(Rs. in Lakhs)

| Particulars                                | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--------------------------------------------|-------------------------|-------------------------|
|                                            |                         |                         |
| Working capital loans from banks (secured) |                         |                         |
| Rupee loan                                 | 9,428.67                | 6,466.94                |
| Foreign currency loan                      | 765.22                  | 49.63                   |
| <b>Total</b>                               | <b>10,193.89</b>        | <b>6,516.57</b>         |

Working capital loans of Rs 10,193.89 (as at March 31, 2019 Rs. 6,516.57) are secured by:

- Pari passu first charge by way of hypothecation of stocks of raw materials, finished goods, work-in-process, consumables (stores and spares) and book debts / receivables of the Company, both present and future.
- Pari passu second charge on movable properties and immovable properties forming part of the fixed/blocked assets of the Company, both present and future except such properties as may be specifically excluded.

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 18. Other Non - Current Financials Liabilities

(Rs. in Lakhs)

| Particulars                                    | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|------------------------------------------------|-------------------------|-------------------------|
| Retention Money (measured at amortised cost)   | 200.00                  | 200.00                  |
| Measured at Fair Value through profit and loss | -                       | -                       |
| Lease Liability*                               | 718.78                  | -                       |
| <b>Total</b>                                   | <b>918.78</b>           | <b>200.00</b>           |

\*The Company has adopted modified retrospective approach as per IND AS 116-Lease, effective from annual reporting period beginning April 1, 2019. This has resulted in recognising right of use assets and corresponding lease liability of Rs. 718.78 lacs and Rs. 650.33 lacs as at March 31, 2020, in the Standalone balance sheet respectively. In the statement of Profit and Loss for the current period, operating lease expenses has changed from rent to depreciation cost for the right of use assets and finance cost for interest accrued on lease liability. Due to this change current year's profit before tax is lower by Rs. 68.45 Lakhs in Standalone results. Also refer note 4 (b) for impact due to change in accounting policies by adopting Ind AS-116 as compared to previous year.

## 19. Long-term provisions

Provision for employee benefits (Refer Note 37)

(Rs. in Lakhs)

| Particulars          | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|----------------------|-------------------------|-------------------------|
| Gratuity             | 216.07                  | 105.84                  |
| Compensated Absences | 141.52                  | 96.43                   |
| <b>Total</b>         | <b>357.59</b>           | <b>202.27</b>           |

## 20. Deferred Tax Liabilities (Net)\*

(Rs. in Lakhs)

| Particulars                                                          | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|----------------------------------------------------------------------|-------------------------|-------------------------|
| Tax effect of items constituting deferred tax (assets) / liabilities |                         |                         |
| Provision for employee benefits                                      | (54.12)                 | (79.89)                 |
| Long term borrowing                                                  | (26.40)                 | (36.68)                 |
| Property, Plant & Equipment                                          | 642.33                  | 604.45                  |
| <b>Total</b>                                                         | <b>561.81</b>           | <b>487.88</b>           |

\*Inclusive of Other comprehensive Income Tax

## 21. Current financial liabilities - Borrowings

(Rs. in Lakhs)

| Particulars                        | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|------------------------------------|-------------------------|-------------------------|
| Secured (at amortised cost) *      |                         |                         |
| - Loans repayable on demand -Banks | 7,905.50                | 5,910.74                |
| - Cash credit facilities           | 2,288.39                | 605.83                  |
| <b>Total</b>                       | <b>10,193.89</b>        | <b>6,516.57</b>         |

\* Refer Note 38 for Company's exposure to liquidity risk and interest rate risk

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 22. Trade payables

(Rs. in Lakhs)

| Particulars                          | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--------------------------------------|-------------------------|-------------------------|
| Micro, Small and Medium Enterprises* | 89.38                   | 22.95                   |
| Trade payables*                      | 3,495.73                | 4,258.91                |
| <b>Total</b>                         | <b>3,585.11</b>         | <b>4,281.86</b>         |

\*The Company has compiled list of suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006 on the basis of confirmation received from parties. Based on current information/confirmations available with the company, there are no overdues payable to suppliers who are registered under the relevant Act as at March 31, 2019 & March 31, 2020

## 23. Current - Other financial liabilities (measured at Amortised Cost)

(Rs. in Lakhs)

| Particulars                                     | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------------------------------|-------------------------|-------------------------|
| Current maturities of long-term debt - Secured* | 482.67                  | 422.67                  |
| Others payables                                 | 205.92                  | 92.26                   |
| Salary payable                                  | 95.13                   | 65.09                   |
| Other Deposits                                  | 1.50                    | 1.00                    |
| Measured at Fair Value through profit and loss  |                         |                         |
| Derivative Liability for Forwards Contracts     | 219.33                  | 2.88                    |
| <b>Total</b>                                    | <b>1,004.55</b>         | <b>583.90</b>           |

\* Refer Note 38 for Company's exposure to liquidity risk and interest rate risk

## 24. Other current liabilities

(Rs. in Lakhs)

| Particulars                                             | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---------------------------------------------------------|-------------------------|-------------------------|
| Statutory dues payables (includes TDS, PF, WCT, Others) | 45.21                   | 47.57                   |
| Provision for taxation (net of advance tax)             | 13.10                   | 133.01                  |
| <b>Total</b>                                            | <b>58.31</b>            | <b>180.58</b>           |

## 25. Short-term provisions

Provision for employee benefits (Refer Note 37)

(Rs. in Lakhs)

| Particulars          | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|----------------------|-------------------------|-------------------------|
| Gratuity             | 106.75                  | 66.07                   |
| Compensated Absences | 38.04                   | 43.99                   |
| <b>Total</b>         | <b>144.79</b>           | <b>110.06</b>           |



# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 26. Revenue from operations

(Rs. in Lakhs)

| Particulars                                                       | For the Year Ended<br>March 31, 2020 | For the Year Ended<br>March 31, 2019 |
|-------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Sale of products Comprises Manufactured goods of Chemicals</b> |                                      |                                      |
| Sales                                                             | 33,512.93                            | 24,079.80                            |
| Less : GST Recovered                                              | 4,147.48                             | 1,648.75                             |
| Net Sales (excluding GST)                                         | 29,365.45                            | 22,431.05                            |
| <b>Other Operating Revenue</b>                                    | 1,246.72                             | 1,474.77                             |
| <b>Total</b>                                                      | <b>30,612.17</b>                     | <b>23,905.82</b>                     |

## 27. Other Income

(Rs. in Lakhs)

| Particulars                                                | For the Year Ended<br>March 31, 2020 | For the Year Ended<br>March 31, 2019 |
|------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Interest from banks on Fixed Deposits                      | 2.41                                 | 9.72                                 |
| Interest income-others                                     | 6.27                                 | 0.61                                 |
| <b>Other Non Operating Income:</b>                         |                                      |                                      |
| Interest on loan to Partnership firm                       | 12.17                                | 9.97                                 |
| Share of Profit from Partnership firm                      | 11.71                                | 9.67                                 |
| Others                                                     | 0.15                                 | 18.57                                |
| Fair Value Gain on Derivative Contract (Preference Shares) | -                                    | 21.42                                |
| <b>Total</b>                                               | <b>32.71</b>                         | <b>69.96</b>                         |

## 28. Cost of Materials Consumed

(Rs. in Lakhs)

| Particulars                          | For the Year Ended<br>March 31, 2020 | For the Year Ended<br>March 31, 2019 |
|--------------------------------------|--------------------------------------|--------------------------------------|
| Opening stock                        | 1,339.29                             | 987.00                               |
| Purchases                            | 24,082.24                            | 16,317.57                            |
|                                      | <b>25,421.53</b>                     | <b>17,304.57</b>                     |
| Less: Closing stock                  | 2,650.57                             | 1,339.29                             |
| <b>Cost of raw material consumed</b> | <b>22,770.96</b>                     | <b>15,965.28</b>                     |

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 29. Changes in inventories of finished goods and work in progress

(Rs. in Lakhs)

| Particulars                                                          | For the Year Ended<br>March 31, 2020 | For the Year Ended<br>March 31, 2019 |
|----------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Opening Stock :</b>                                               |                                      |                                      |
| Finished Goods                                                       | 933.34                               | 774.84                               |
| <b>Work-in-Process</b>                                               | <b>4,821.40</b>                      | <b>3,083.79</b>                      |
| <b>Less:</b>                                                         |                                      |                                      |
| <b>Closing Stock:</b>                                                |                                      |                                      |
| Finished Goods                                                       | 2,291.71                             | 933.34                               |
| <b>Work-in-Process</b>                                               | <b>7,824.26</b>                      | <b>4,821.40</b>                      |
| <b>Changes In Inventories:</b>                                       |                                      |                                      |
| Finished goods                                                       | (1,358.37)                           | (158.50)                             |
| Work-in-Process                                                      | (3,002.86)                           | (1,737.61)                           |
| <b>Changes in inventories of finished goods and work in progress</b> | <b>(4,361.23)</b>                    | <b>(1,896.11)</b>                    |

## 30. Employee benefits expense

(Rs. in Lakhs)

| Particulars                                               | For the Year Ended<br>March 31, 2020 | For the Year Ended<br>March 31, 2019 |
|-----------------------------------------------------------|--------------------------------------|--------------------------------------|
| Salaries, wages and bonus                                 | 1,335.90                             | 894.93                               |
| Contribution to provident and other funds (refer note 37) | 317.80                               | 165.75                               |
| Staff welfare                                             | 71.04                                | 54.75                                |
| <b>Total</b>                                              | <b>1,724.74</b>                      | <b>1,115.43</b>                      |

## 31. Finance costs

(Rs. in Lakhs)

| Particulars                         | For the Year Ended<br>March 31, 2020 | For the Year Ended<br>March 31, 2019 |
|-------------------------------------|--------------------------------------|--------------------------------------|
| Interest expenses on borrowings     | 1,095.67                             | 924.72                               |
| Other finance cost and bank charges | 96.84                                | 69.02                                |
| Interest cost on FRCPS and OCPS     | -                                    | 200.04                               |
| <b>Total</b>                        | <b>1,192.51</b>                      | <b>1,193.78</b>                      |

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 32. Other expenses

| (Rs. in Lakhs)                                                                         |                                      |                                      |
|----------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Particulars                                                                            | For the Year Ended<br>March 31, 2020 | For the Year Ended<br>March 31, 2019 |
| <b>PRODUCTION EXPENSES</b>                                                             |                                      |                                      |
| Conversion Charges                                                                     | 391.27                               | 366.33                               |
| Contract Labour charges                                                                | 399.86                               | 319.79                               |
| Fuel & Power                                                                           | 897.33                               | 763.99                               |
| Quality Control Expenses                                                               | 188.83                               | 160.57                               |
| Research and Development Expenses                                                      | 204.13                               | 140.14                               |
| Consumption of Packing Material                                                        | 339.56                               | 293.00                               |
| Other Production Expenses                                                              | 967.56                               | 975.18                               |
| <b>MARKETING EXPENSES</b>                                                              |                                      |                                      |
| Exhibition Expenses                                                                    | 175.88                               | 259.35                               |
| Other Marketing Expenses                                                               | 87.12                                | 50.11                                |
| <b>SELLING &amp; DISTRIBUTION EXPENSES</b>                                             |                                      |                                      |
| Clearing Charges                                                                       | 55.92                                | 64.06                                |
| Sea & Air Freight (Export) Expenses                                                    | 103.38                               | 328.52                               |
| Other Selling & Distribution Exp                                                       | 97.81                                | 92.14                                |
| <b>ADMINISTRATIVE EXPENSES</b>                                                         |                                      |                                      |
| Professional Fees                                                                      | 337.25                               | 268.03                               |
| Miscellaneous Expenses                                                                 | 28.06                                | 11.18                                |
| Other Admin Expenses                                                                   | 359.16                               | 218.25                               |
| CSR Expenses                                                                           | 39.37                                | 27.25                                |
| Transaction cost pertaining to FRCPS Derivative                                        | -                                    | 21.42                                |
| Fair Value Loss pertaining to OCPS Derivative                                          | -                                    | 20.01                                |
| <b>Total</b>                                                                           | <b>4,672.49</b>                      | <b>4,379.32</b>                      |
| <b>Payment to auditors(excluding applicable taxes) (included in professional fees)</b> |                                      |                                      |
| Audit Fees and Limited Review                                                          | 8.00                                 | 5.00                                 |
| Tax Audit Fees                                                                         | 3.00                                 | 1.00                                 |
| Other Fees                                                                             | 1.00                                 | -                                    |
| <b>Total</b>                                                                           | <b>12.00</b>                         | <b>6.00</b>                          |

## 33. Other comprehensive income

| (Rs. in Lakhs)                                                                    |                                      |                                      |
|-----------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Particulars                                                                       | For the Year Ended<br>March 31, 2020 | For the Year Ended<br>March 31, 2019 |
| Items that will not be reclassified to profit or loss                             |                                      |                                      |
| (i) Remeasurements of the defined benefit plans (net of tax)                      | (74.20)                              | 14.39                                |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | 21.61                                | (4.19)                               |
| <b>Total</b>                                                                      | <b>(52.59)</b>                       | <b>10.20</b>                         |

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 34. Earnings per Share

| Particulars                                                                                             | (Rs. in Lakhs)          |                         |
|---------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
|                                                                                                         | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
| Profit attributable to equity shareholders*                                                             | 2,877.24                | 2,103.67                |
| Weighted average number of equity shares for calculation of basic and diluted earnings per share (Nos.) | 2,33,34,606             | 2,00,78,793             |
| Nominal value per share (INR)                                                                           | 10                      | 10                      |
| Earnings per share (face value of INR 10)                                                               |                         |                         |
| Basic                                                                                                   | 12.33                   | 10.48                   |
| Diluted                                                                                                 | 12.33                   | 10.48                   |

\*Profit figures are Rs. in lakhs

## 35. Contingent Liabilities and Commitments

| Particulars                                                                                                       | (Rs. in Lakhs)          |                         |
|-------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
|                                                                                                                   | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
| (I) Contingent Liabilities                                                                                        |                         |                         |
| a. Contingent liability for Letters of Credit issued by the Bank and Bank Guarantee for Excise, Customs etc.      |                         |                         |
| (i) Letter of credit / Bank Guarantee                                                                             | 162.00                  | 74.69                   |
| (ii) Bill discounted / Cheques purchased                                                                          | 42.22                   | 743.32                  |
| b. Contingent Liability towards NMMC Cess/LBT                                                                     | -                       | 16.01                   |
| <b>Total</b>                                                                                                      | <b>204.22</b>           | <b>834.02</b>           |
| (II) Capital Commitments                                                                                          |                         |                         |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances). | 915.32                  | 83.07                   |

## 36. Related Party Transaction

### (A) Relationships :

In accordance with the requirements of Indian Accounting Standard (Ind AS-24) on related party disclosures where control exist and where transactions have taken place and description of the relationship as identified and certified by management are as follows:

#### (a) Where Joint control exists :

Dhara Fine Chem Industries (Partnership Firm in which Company is holding 90% Share)

#### (b) Key Management Personnel :

| Particulars              | Designation                                 | Original Date of Appointment |
|--------------------------|---------------------------------------------|------------------------------|
| Mr. Haridas Kanani       | Chairman and Managing Director              | 07-03-1989                   |
| Dr. Harin Kanani         | Managing Director                           | 15-07-2013                   |
| Mr. Shyamsunder Upadhyay | Executive Director                          | 27-07-2015                   |
| Mr. Anurag Surana        | Non- Executive and Non-Independent Director | 15-05-2017                   |
| Mr. Sanjay Mehta         | Independent Director                        | 25-09-2012                   |
| Mr. Hitesh Reshamwala    | Independent Director                        | 15-09-2014                   |
| Prof. Ranjan Kumar Malik | Independent Director                        | 06-10-2018                   |
| Mrs. Avi Sabavala        | Independent Director                        | 06-10-2018                   |

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

- (c) Relatives of key management personnel and their enterprises, where transaction have taken place.

| Particulars                     | Name of Interested Director |
|---------------------------------|-----------------------------|
| Kagashin Global Network (P) Ltd | Mr. Anurag Surana           |

- (d) *Other Related Parties :*

Nil

**(B) Transactions with related parties :**

| (Rs. in Lakhs)                                 |                |                |
|------------------------------------------------|----------------|----------------|
| Particulars                                    | March 31, 2020 | March 31, 2019 |
| <b>Income</b>                                  |                |                |
| Share of Profit - Dhara Fine Chem Industries   | 11.70          | 9.68           |
| Interest Received - Dhara Fine Chem Industries | 12.17          | 9.97           |
| <b>Expenses</b>                                |                |                |
| Job work charges - Dhara Fine Chem Industries  | 95.23          | 93.76          |
| Purchase - Dhara Fine Chem Industries          | 3.11           | 4.20           |
| <b>Professional Fees</b>                       |                |                |
| Kagashin Global Network (P) Ltd                | 84.00          | 42.00          |
| <b>Sitting Fees</b>                            |                |                |
| Mr. Sanjay Mehta                               | 1.95           | 0.60           |
| Mr. Hitesh Reshamwala                          | 2.50           | 1.20           |
| Prof. Ranjan Kumar Malik                       | 1.45           | 1.00           |
| Mrs. Avi Sabavala                              | 1.55           | 0.50           |
| <b>Salary</b>                                  |                |                |
| Mr. Haridas Kanani                             | 52.18          | 45.87          |
| Dr. Harin Kanani                               | 46.99          | 41.27          |
| Shyamsunder Upadhyay                           | 46.70          | 39.55          |
| <b>Lease Rent</b>                              |                |                |
| Mr. Haridas Kanani                             | -              | 9.00           |
| <b>Loan</b>                                    |                |                |
| Dhara Fine Chem Industries, Partnership Firm   | 63.72          | 38.40          |

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 37. Employee Benefit Expenses

### i. Defined Contribution Plan

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Statutory Provident Fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions.

(Rs. in Lakhs)

| Description                                                                                        | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|----------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| The Company has recognised the following amounts in the Statement of Profit and Loss for the year: |                         |                         |
| Employers' Contribution to Provident Fund                                                          | 86.04                   | 60.82                   |
| Employers' Contribution to Employees' Pension Scheme, 1995                                         | 27.98                   | 22.11                   |
| <b>Total</b>                                                                                       | <b>114.02</b>           | <b>82.93</b>            |

### ii. Defined Benefit Plan

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

#### Gratuity Plan:

#### (a) Asset/(Liability) recognised in Standalone statement of assets and liabilities

(Rs. in Lakhs)

| Description                                                                                             | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Present value of obligation at end of the year                                                          | (381.12)                | (270.83)                |
| Fair value of Plan Assets                                                                               | 58.31                   | 61.93                   |
| <b>Net assets/(liability) recognised in Standalone statement of assets and liabilities as provision</b> | <b>(322.81)</b>         | <b>(208.90)</b>         |

#### (b) Amount recognised in the Standalone statement of profit and loss is as under:

(Rs. in Lakhs)

| Description                                       | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---------------------------------------------------|-------------------------|-------------------------|
| Current Service Cost                              | 23.63                   | 16.39                   |
| Net Interest Cost                                 | 16.27                   | 11.76                   |
| <b>Expense Recognised in the Income Statement</b> | <b>39.90</b>            | <b>28.15</b>            |

#### (c) Amount recognised in other comprehensive income as under:

(Rs. in Lakhs)

| Description                                                      | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|------------------------------------------------------------------|-------------------------|-------------------------|
| Actuarial (Gain)/Loss for the year on defined benefit obligation | 74.20                   | 27.71                   |
| Actuarial (Gain)/Loss for the year on plan assets                | 3.31                    | 2.48                    |
| <b>Net (Income)/Expense Recognised in the Income Statement</b>   | <b>77.51</b>            | <b>30.19</b>            |

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

(d) Movement in liability recognised in the Standalone statement of assets and liabilities as under:

(Rs. in Lakhs)

| Description                                                             | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------------------------------------------------------|-------------------------|-------------------------|
| Present Value of defined benefit obligation as at the start of the year | 270.83                  | 230.53                  |
| Current Service Cost                                                    | 23.63                   | 16.39                   |
| Interest Cost                                                           | 21.10                   | 17.82                   |
| Actuarial loss/(gain) recognised during the year                        | 74.20                   | 27.71                   |
| Benefits paid                                                           | (8.64)                  | (21.62)                 |
| Past Service Cost including curtailment Gain/Losses                     |                         |                         |
| Present Value of defined benefit obligation as at the end of the year   | 381.12                  | 270.83                  |

(e) Movement in plan assets recognised in the Standalone statement of assets and liabilities as under:

(Rs. in Lakhs)

| Description                                             | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---------------------------------------------------------|-------------------------|-------------------------|
| Fair Value of plan assets at beginning of year          | 61.93                   | 78.45                   |
| Interest Income                                         | 4.82                    | 6.06                    |
| Expected return on plan assets - %                      | 6.89%                   | 7.79%                   |
| Employer's Contribution                                 | 3.50                    | 1.52                    |
| Benefits Paid                                           | (8.64)                  | (21.62)                 |
| Actuarial (Gain)/Loss on plan asset                     | (3.31)                  | (2.48)                  |
| Fair Value of plan assets at end of year                | 58.31                   | 61.93                   |
| Actual Return on Plan assets, Excluding Interest Income | (3.31)                  | (2.48)                  |

(f) Breakup of Actuarial (Gain)/Loss on Defined Benefit Obligation:

(Rs. in Lakhs)

| Description                                                            | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|------------------------------------------------------------------------|-------------------------|-------------------------|
| Actuarial (Gain)/Loss on arising from change in demographic assumption |                         |                         |
| Actuarial (Gain)/Loss on arising from change in financial assumption   | 44.95                   | (1.15)                  |
| Actuarial (Gain)/Loss on arising from change in experience adjustments | 29.25                   | 28.87                   |
| Total Actuarial (Gain)/Loss                                            | 74.20                   | 27.72                   |

(g) Actuarial Assumption:

(Rs. in Lakhs)

| Description                                                   | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---------------------------------------------------------------|-------------------------|-------------------------|
| Expected Return on Plan Assets                                | 6.89%                   | 7.79%                   |
| Discount Rate                                                 | 6.89%                   | 7.79%                   |
| Future Salary Increase                                        | 6.00%                   | 5.00%                   |
| Rate of Employee Turnover                                     | 2.00%                   | 2.00%                   |
| Expected Average remaining working lives of employees (years) | 15                      | 15                      |



# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

(h) Sensitivity analysis for gratuity liability:

(Rs. in Lakhs)

| Description                                        | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|----------------------------------------------------|-------------------------|-------------------------|
| <b>Impact of the change in discount rate</b>       |                         |                         |
| Present value of obligation at the end of the year | 381.12                  | 270.83                  |
| - Impact due to increase of 1 %                    | (26.73)                 | (17.96)                 |
| - Impact due to decrease of 1 %                    | 30.88                   | 20.44                   |
| <b>Impact of the change in Salary increase</b>     |                         |                         |
| Present value of obligation at the end of the year | 381.12                  | 270.83                  |
| - Impact due to increase of 1 %                    | 26.08                   | 17.31                   |
| - Impact due to decrease of 1 %                    | (23.36)                 | (16.27)                 |
| <b>Impact of the change in Employee Turnover</b>   |                         |                         |
| Present value of obligation at the end of the year | 381.12                  | 270.83                  |
| - Impact due to increase of 1 %                    | 2.81                    | 4.70                    |
| - Impact due to decrease of 1 %                    | (3.20)                  | (5.24)                  |

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 the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the 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 benefit 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) Maturity Profile of defined benefit obligation: (from the fund)

(Rs. in Lakhs)

| Description           | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-----------------------|-------------------------|-------------------------|
| Within next 12 months | 70.01                   | 16.90                   |
| Between 1-5 years     | 88.57                   | 112.02                  |
| Beyond 5 years        | 584.43                  | 419.79                  |

(j) Category of Plan Assets:

(Rs. in Lakhs)

| Description    | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|----------------|-------------------------|-------------------------|
| Insurance Fund | 58.31                   | 61.93                   |
|                | [15.30%]                | [22.87%]                |
| <b>Total</b>   | <b>58.31</b>            | <b>61.93</b>            |

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

## (iii) Other long-term employee benefits

### *Compensated Absences:*

Provision in respect of leave encashment benefits has been made based on actuarial valuation carried out by an independent actuary at the Balance sheet date using Projected Unit Credit method. During the year following is recognised as expense in statement of profit & loss a/c.

| Description                                            | (Rs. in Lakhs)          |                         |
|--------------------------------------------------------|-------------------------|-------------------------|
|                                                        | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
| Expense/(Income) to be recognised in Profit & Loss A/c | 39.90                   | 28.14                   |
| <b>Total</b>                                           | <b>39.90</b>            | <b>28.14</b>            |

## 38. Financial Risk Management Framework

### A Capital Market

For the purpose of the entity's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the company. The primary objective of the entity's capital management is to maximise the shareholder value. The entity manages its capital structure and make adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the entity may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The entity monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The entity's policy is to keep an optimum gearing ratio.

### B Financial Risk Management

The Company's activities primarily expose it to various risks such as Market Risks, Credit Risk and Liquidity Risk. Those are explained below:

#### i) *Market Risk*

Market Risks arise due to Changes in Interest rates, Foreign Exchange rates and changes in Market prices. These are explained below:

##### **Interest Rate Risks**

The Company borrows funds in Indian Rupees, to meet short term funding requirements. Interest on Short term borrowings is subject to floating interest rate and are repriced regularly and hence the Company is exposed to Interest rate risks. However, since the borrowings are not significant, the Company does not see any major risk.

If the interest rates had been 1% higher / lower and all other variables held constant, impact on the Company's profit for the year ended March 31, 2020 will not be significant.

##### **Foreign Currency Risks**

The entity has international transaction and is expected to foreign currency risk arising from foreign currency transaction (Exports & Imports)

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

The company as per its overall strategy uses forward contracts and swap to mitigate its risks associated with fluctuations in foreign currency and such contracts are not designated as hedge under Ind AS 109.

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

## a Exposure in foreign currency - Unhedged

The Company enters into forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any Derivative Instruments for trading and Speculation purposes.

The foreign currency outstanding balances that have not been hedged by any derivative instrument or otherwise on balance sheet date is as under:

| Particulars | Nature of Foreign currency | As at 31-Mar-20         |            | As at 31-Mar-19         |            |
|-------------|----------------------------|-------------------------|------------|-------------------------|------------|
|             |                            | Amt in foreign currency | Amt in INR | Amt in foreign currency | Amt in INR |
| Assets      | USD                        | -                       | -          | -                       | -          |
|             | EURO                       | -                       | -          | -                       | -          |
| Liabilities | USD                        | -                       | -          | -                       | -          |

## Currency Risk

The company is exposed to the exchange rate risk as a significant portion of our revenues and expenditure are denominated in foreign currencies. We import certain raw materials the price of which we are required to pay in foreign currency, which is mostly the U.S Dollar or Euro. Products that we export are paid for in foreign currency, which together acts as natural hedge. Any appreciation/depreciation in the value of the Rupees against U.S dollar, Euro, or other foreign currencies would Increase / decrease the Rupee value of debtors/ creditors. To a certain extent the Company uses foreign exchange forward contracts to minimise the risk.

The carrying amount of the Company's Foreign currency exposure at the end of the reporting periods are as follows:

(Rs. in Lakhs)

| Particulars                                   | Nature of Foreign currency | As at 31-Mar-20         |            | As at 31-Mar-19         |            |
|-----------------------------------------------|----------------------------|-------------------------|------------|-------------------------|------------|
|                                               |                            | Amt in foreign currency | Amt in INR | Amt in foreign currency | Amt in INR |
| Trade Receivables & Other financial assets    | USD                        | 16.65                   | 1,226.53   | 16.03                   | 1,108.56   |
| Trade Receivables & Other financial assets    | EURO                       | 1.16                    | 91.83      | 0.33                    | 25.90      |
| Borrowings                                    | USD                        | 8.87                    | 668.88     | 0.72                    | 49.73      |
| Borrowings                                    | EURO                       | 1.16                    | 96.34      | -                       | -          |
| Trade Payable and other financial liabilities | USD                        | 10.28                   | 743.10     | 10.88                   | 752.56     |
| Trade Payable and other financial liabilities | EURO                       | -                       | -          | -                       | -          |

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

| Particulars                                                | As at March 31, 2020                           | As at March 31, 2019                           |
|------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
|                                                            | Effect on profit before tax / pre - tax equity | Effect on profit before tax / pre - tax equity |
| Trade Receivables & Other financial assets                 |                                                |                                                |
| Change in USD rate (+/- 0.5%)                              | 90.93                                          | 55.43                                          |
| Change in Euro rate (+/- 0.5%)                             | 4.59                                           | 1.30                                           |
| Borrowings, Trade Payables and other financial liabilities |                                                |                                                |
| Change in USD rate (+/- 0.5%)                              | (103.74)                                       | (40.22)                                        |
| Change in Euro rate (+/- 0.5%)                             | 0.07                                           | -                                              |

## Price Risks

The Company does not have much exposure to price risk due to annual contracts and pass through mechanism for imports

## Credit Risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the entity.

The entity's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost.

The entity continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

Credit risk arises from cash and cash equivalents, trade receivables, investments carried at amortised cost and deposits with banks and financial institutions.

None of the financial instruments of the Company result in material concentrations of credit risk. The company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure.

## Liquidity Risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The entity's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the entity's liquidity position and cash and cash equivalents on the basis of expected cash flows. The entity takes into account the liquidity of the market in which the entity operates.

## Exposure to liquidity risk:

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

| Particulars            | Balance as on<br>March 31,<br>2020 | Less than<br>1 year | 1-3 years | 3-5 years | More than<br>5 years |
|------------------------|------------------------------------|---------------------|-----------|-----------|----------------------|
| Long term Borrowings   | 3,035.43                           |                     | 1,427.28  | 1,362.83  | 245.32               |
| Short term borrowing   | 10,676.56                          | 10,676.56           |           |           |                      |
| Trade Payable          | 3,585.11                           | 3,585.11            |           |           |                      |
| Statutory dues payable | 45.21                              | 45.21               |           |           |                      |
| Other Liabilities      | 196.81                             | 196.81              |           |           |                      |

\* Short term borrowing includes current maturity of long term borrowings of Rs.482.67 lakhs

39. The Company has taken office premises, factory land under operating lease. These are generally cancellable and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free deposits in accordance with the agreed terms. These Lease have terms of between 1 years to 5 years.

The following rent expenses recognised:

| Year Ended      | March 31, 2020 | March 31, 2019 |
|-----------------|----------------|----------------|
| Within one year | 131.33         | 264.10         |

## 40. Operating Segment Disclosure

The company is in the business of Manufacturing of speciality Chemicals and accordingly has one reportable business segment

### Geographical Information

| Particulars                     |                                 | March 31, 2020 | March 31, 2019 |
|---------------------------------|---------------------------------|----------------|----------------|
| Revenue from External Customers | India                           | 19,560.38      | 12,227.86      |
|                                 | Overseas includes Deemed Export | 11,051.79      | 11,677.96      |
|                                 | Total                           | 30,612.17      | 23,905.82      |

41. (i) Rupees in lakhs are rounded off nearest to two decimals and totals of notes, schedules may vary due to said rounding off
- (ii) Previous period figures have been regrouped / rearranged/recasted wherever necessary, to conform to current period presentation

Other notes to Accounts & the accompanying notes are an integral part of Standalone Financial Statements

As per our report of even date attached

For JMT & Associates  
Chartered Accountants  
Firm Registration No. : 104167W

Mr. Sanjay Pichholia  
Partner  
Membership No. : 122651

Place: Thane  
Date: May 23, 2020

Mr. Haridas Kanani  
Chairman & Managing Director  
DIN : 00185487

Mr. Mahesh Tanna  
Chief Financial Officer

For & behalf of the Board of Directors

Dr. Harin Kanani  
Managing Director  
DIN : 05136947

Ms. Unnati Kanani  
Company Secretary  
Membership No. : A35131

# **CONSOLIDATED FINANCIAL STATEMENTS**

# INDEPENDENT AUDITOR'S REPORT

To,  
The Members of  
Neogen Chemicals Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying Consolidated Financial Statements of NEOGEN CHEMICALS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the 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, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our

responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the 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 we have obtained 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 judgment, 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. We have fulfilled the responsibilities for the audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Financial Statements.

| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Auditor's Response                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Information Technology</b><br>IT systems and controls The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. From a financial reporting perspective the Company uses and we have tested the financial accounting and reporting system and other tools for overall financial reporting. | <b>Our audit procedures included the following:</b> <ul style="list-style-type: none"> <li>We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations</li> </ul> |



| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Auditor's Response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <ul style="list-style-type: none"> <li>For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these control remained unchanged during the year or were changed following the standard change management process</li> <li>Evaluated the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission</li> <li>Other areas that were independently assessed included password policies, security configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment</li> <li>Obtained report related to information technology audit carried out by the subject matter expert engaged by the management and assessed the impact if any on our audit procedures</li> </ul> |
| <p>The Company operates in more than one State within India, exposing it to a variety of different Central and State laws, regulations and interpretations thereof. The provisions and contingent liabilities relate to ongoing litigations and claims with various authorities. Litigations and claims may arise from direct and indirect tax proceedings, legal proceedings, including regulatory and other government/department proceedings, as well as investigations by authorities and commercial claims.</p> <p>The determination of a provision or contingent liability requires significant judgement by the Company because of the inherent complexity in estimating future costs. The amount recognised as a provision is the best estimate of the possible expenditure. The provisions and contingent liabilities are subject to changes in the outcomes of litigations and claims over time as new facts emerge as each legal case progresses and positions taken by the Company.</p> | <p><b>Our audit procedures included:</b></p> <ul style="list-style-type: none"> <li>Obtaining an understanding of actual and potential outstanding litigations and claims against the Company from the Company's in-house Legal Counsel and other senior personnel of the Company and assessing their responses;</li> <li>Assessing status of the litigations and claims based on correspondence between the Company and the various tax/legal authorities and legal opinions obtained by the Company;</li> <li>Testing completeness of litigations and claims recorded by verifying the Company's legal expenses and the minutes of the board meetings;</li> <li>Assessing and challenging the Company's estimate of the possible outcome of litigations and claims. This is based on applicable tax laws and legal precedence by involving our tax specialists in taxation related matters and internal legal counsel;</li> </ul>                                                                                                                                                                      |

| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Auditor's Response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>There is an inherent complexity and magnitude of potential exposures is significant across the Company. Significant judgment is necessary to estimate the likelihood, timing and amount of the cash outflows, interpretations of the legal aspects, legislations and judgements previously made by the authorities. Accordingly, this is identified as a key audit matter</p>                                                                                                                                                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>Evaluating judgements made by the Company by comparing the estimates of prior year to the actual outcome;</li> </ul> <p>Assessing and testing the adequacy and completeness of the Company's disclosures in respect of litigations and claims.</p>                                                                                                                                                                                                                                                   |
| <p><b>Revenue Recognition</b></p> <p>Ind AS 115 requires to consider management to account revenue as per terms of contracts with customers and on fulfillment of performance obligations</p> <p>Due to the Company's sales under various contractual terms and across the country, delivery to customers in different regions might take different time periods and may result in undelivered goods at the period end.</p> <p>There is also a risk of revenue being overstated due to fraud resulting from pressure on the Company to achieve performance targets at the reporting period end. Accordingly, fraud and cut-off risks in revenue recognition are considered as a key audit matter.</p> | <p><b>Our audit procedures included:</b></p> <ul style="list-style-type: none"> <li>Understood the processes and controls around established in recognition of revenue</li> <li>Focusing on the Company's revenue recognition for compliance with Ind AS</li> <li>Evaluated and tested design and operating effectiveness of controls addressing risk</li> </ul> <p>Performed test check of sales transactions to verify contractual terms of invoices, acknowledged delivery receipts and tested the transit time to deliver the goods</p> |

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility 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 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 financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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 responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the 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 part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls 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 management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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 Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in

extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account 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 Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid Consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

2. 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 Consolidated financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
3. 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:

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. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For JMT & ASSOCIATES  
Chartered Accountants  
Firm's Registration No. 104167W

**Mr. Sanjay Pichholia**  
Partner

Place: Mumbai  
Date: May 23, 2020

Membership No.122651  
UDIN : 20122651AAAACD9531

## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of NEOGEN CHEMICALS LIMITED of even date)

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **NEOGEN CHEMICALS LIMITED** ("the Company") as of March 31, 2020 in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls 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. 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 respective 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 Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 over financial reporting of the Company.

### Meaning of Internal Financial Controls Over Financial Reporting

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 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating

effectively as at March 31, 2020, 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.

For JMT & ASSOCIATES  
Chartered Accountants  
Firm Registration No.104167W

**Mr. Sanjay Pichholia**

Partner

Place: Mumbai  
Date: May 23, 2020

Membership No.122651  
UDIN : 20122651AAAACD9531



# CONSOLIDATED BALANCE SHEET

as at March 31, 2020

|                                                           |       | (Rs. in Lakhs)          |                         |
|-----------------------------------------------------------|-------|-------------------------|-------------------------|
| Particulars                                               | Notes | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
| <b>ASSETS</b>                                             |       |                         |                         |
| <b>(1) Non-current assets</b>                             |       |                         |                         |
| (a) Property, plant and equipment                         | 4a    | 10,372.21               | 8,271.19                |
| (b) Right of use assets                                   | 4b    | 650.33                  | -                       |
| (c) Capital work-in-progress                              | 5     | 269.33                  | 38.54                   |
| (d) Intangible assets                                     | 6     | 31.57                   | 10.81                   |
| (e) Financial assets                                      |       |                         |                         |
| (i) Investments                                           | 7     | 60.03                   | 52.58                   |
| (ii) Other financial assets                               | 8     | 588.47                  | 253.89                  |
| (f) Other non-current assets                              | 9     | 406.96                  | 40.21                   |
| <b>Total Non-current Assets</b>                           |       | <b>12,378.90</b>        | <b>8,667.22</b>         |
| <b>(2) Current Assets</b>                                 |       |                         |                         |
| (a) Inventories                                           | 10    | 12,987.06               | 7,237.82                |
| (b) Financial assets                                      |       |                         |                         |
| (i) Trade receivables                                     | 11    | 7,522.91                | 6,065.91                |
| (ii) Cash and cash equivalents                            | 12a   | 56.02                   | 116.64                  |
| (iii) Bank balances other than (ii) above                 | 12b   | 92.19                   | 85.51                   |
| (iv) Other current financial assets                       | 13    | 25.72                   | 44.21                   |
| (c) Other current assets                                  | 14    | 2,422.21                | 2,426.41                |
| <b>Total Current Assets</b>                               |       | <b>23,106.11</b>        | <b>15,976.50</b>        |
| <b>TOTAL ASSETS</b>                                       |       | <b>35,485.01</b>        | <b>24,643.72</b>        |
| <b>EQUITY AND LIABILITIES</b>                             |       |                         |                         |
| <b>(1) Equity</b>                                         |       |                         |                         |
| (a) Equity share capital                                  | 15    | 2,333.46                | 2,007.88                |
| (b) Other equity                                          | 16    | 13,291.09               | 5,012.19                |
| <b>Total Equity</b>                                       |       | <b>15,624.55</b>        | <b>7,020.07</b>         |
| <b>(2) Non current liabilities</b>                        |       |                         |                         |
| (a) Financial liabilities                                 |       |                         |                         |
| (i) Borrowings                                            | 17    | 3,035.63                | 5,059.40                |
| (ii) Other Non current Financial Liabilities              | 18    | 918.78                  | 200.00                  |
| (b) Long Term Provisions                                  | 19    | 357.59                  | 202.27                  |
| (c) Deferred tax liabilities (net)                        | 20    | 561.81                  | 487.88                  |
| <b>Total Non-current Liabilities</b>                      |       | <b>4,873.81</b>         | <b>5,949.55</b>         |
| <b>(3) Current liabilities</b>                            |       |                         |                         |
| (a) Financial liabilities                                 |       |                         |                         |
| (i) Borrowings                                            | 21    | 10,193.89               | 6,516.57                |
| (ii) Trade payables                                       | 22    | 3,585.11                | 4,281.87                |
| (iii) Other financial liabilities                         | 23    | 1,004.55                | 583.90                  |
| (b) Other current liabilities                             | 24    | 58.31                   | 181.68                  |
| (c) Short-term provisions                                 | 25    | 144.79                  | 110.08                  |
| <b>Total Current liabilities</b>                          |       | <b>14,986.65</b>        | <b>11,674.10</b>        |
| <b>Total Liabilities</b>                                  |       | <b>19,860.46</b>        | <b>17,623.65</b>        |
| <b>TOTAL EQUITY AND LIABILITIES</b>                       |       | <b>35,485.01</b>        | <b>24,643.72</b>        |
| Corporate information and significant accounting policies |       | 1 to 3                  |                         |

Other notes to Accounts &amp; the accompanying notes are an integral part of Consolidated Financial Statements

As per our report of even date attached

For JMT &amp; Associates

Chartered Accountants

Firm Registration No. : 104167W

For &amp; behalf of the Board of Directors

**Mr. Sanjay Pichholia**

Partner

Membership No. : 122651

**Mr. Haridas Kanani**

Chairman &amp; Managing Director

DIN : 00185487

**Mr. Mahesh Tanna**

Chief Financial Officer

**Dr. Harin Kanani**

Managing Director

DIN : 05136947

**Ms. Unnati Kanani**

Company Secretary

Membership No. : A35131

Place: Thane

Date: May 23, 2020



# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2020

(Rs. in Lakhs)

| Particulars                                                                                                       | Note   | For the Year Ended<br>March 31, 2020 | For the Year Ended<br>March 31, 2019 |
|-------------------------------------------------------------------------------------------------------------------|--------|--------------------------------------|--------------------------------------|
| <b>Continuing Operations</b>                                                                                      |        |                                      |                                      |
| <b>I. Income</b>                                                                                                  |        |                                      |                                      |
| a. Revenue from operations                                                                                        | 26     | 30,612.17                            | 23,905.82                            |
| b. Other income                                                                                                   | 27     | 9.92                                 | 50.70                                |
| <b>Total Income</b>                                                                                               |        | <b>30,622.09</b>                     | <b>23,956.52</b>                     |
| <b>II. Expenses</b>                                                                                               |        |                                      |                                      |
| (a) Cost of materials consumed                                                                                    | 28     | 22,770.96                            | 15,965.28                            |
| (b) Changes in inventories of finished goods,<br>work-in-progress and stock-in-trade                              | 29     | (4,361.23)                           | (1,896.11)                           |
| (c) Employee benefits expense                                                                                     | 30     | 1,724.74                             | 1,115.43                             |
| (d) Finance costs                                                                                                 | 31     | 1,192.51                             | 1,193.78                             |
| (e) Depreciation and Amortisation Expenses                                                                        | 4      | 524.15                               | 283.68                               |
| (f) Other Expense                                                                                                 | 32     | 4,672.49                             | 4,379.32                             |
| <b>Total Expenses</b>                                                                                             |        | <b>26,523.62</b>                     | <b>21,041.38</b>                     |
| <b>Profit/(loss) before, share of profit of investment<br/>accounted for using equity method and taxes (I-II)</b> |        | <b>4,098.47</b>                      | <b>2,915.14</b>                      |
| Share of Profit/(Loss) of investments accounted for<br>using equity method                                        |        | 11.21                                | 10.29                                |
| <b>III. Profit/(loss) before tax</b>                                                                              |        | <b>4,109.68</b>                      | <b>2,925.43</b>                      |
| <b>IV. Income tax</b>                                                                                             |        |                                      |                                      |
| 1. Current Tax                                                                                                    |        | 1,148.50                             | 750.00                               |
| 2. Deferred Tax                                                                                                   | 20     | 95.53                                | 80.74                                |
| <b>Total Tax Expense</b>                                                                                          |        | <b>1,244.03</b>                      | <b>830.74</b>                        |
| <b>V. Profit for the year (III - IV)</b>                                                                          |        | <b>2,865.65</b>                      | <b>2,094.69</b>                      |
| <b>VI. Other comprehensive income</b>                                                                             |        |                                      |                                      |
| <b>Items that will not be reclassified to profit or loss</b>                                                      |        |                                      |                                      |
| (i) Remeasurements of the defined benefit liabilities / (assets)                                                  | 33a    | (74.20)                              | 14.39                                |
| (ii) Income tax related to items that will not be<br>reclassified to profit or loss                               | 33b    | 21.61                                | (4.19)                               |
| <b>Total Other comprehensive (expense)/ income, net of tax</b>                                                    |        | <b>(52.59)</b>                       | <b>10.20</b>                         |
| <b>VII. Total comprehensive income for the year (V+VI)</b>                                                        |        | <b>2,813.06</b>                      | <b>2,104.89</b>                      |
| <b>Earnings per equity share</b>                                                                                  | 34     |                                      |                                      |
| - Basic                                                                                                           |        | 12.28                                | 10.43                                |
| - Diluted                                                                                                         |        | 12.28                                | 10.43                                |
| Corporate information and significant accounting policies                                                         | 1 to 3 |                                      |                                      |

Other notes to Accounts & the accompanying notes are an integral part of Consolidated Financial Statements

As per our report of even date attached

For JMT & Associates

Chartered Accountants

Firm Registration No. : 104167W

For & behalf of the Board of Directors

**Mr. Sanjay Pichholia**

Partner

Membership No. : 122651

**Mr. Haridas Kanani**

Chairman & Managing Director

DIN : 00185487

**Mr. Mahesh Tanna**

Chief Financial Officer

**Dr. Harin Kanani**

Managing Director

DIN : 05136947

**Ms. Unnati Kanani**

Company Secretary

Membership No. : A35131

Place: Thane

Date: May 23, 2020

# CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

for the year ended March 31, 2020

## A. Equity share capital

(Also refer Note 15)

| (Rs. in Lakhs)                         |                 |
|----------------------------------------|-----------------|
| Particulars                            | Total Equity    |
| As on April 1, 2018                    | 2,000.00        |
| Issue of Share Capital During the Year | 7.88            |
| As on March 31, 2019                   | 2,007.88        |
| Issue of Share Capital During the Year | 325.58          |
| <b>As on March 31, 2020</b>            | <b>2,333.46</b> |

## B. Other Equity

(also refer Note 16)

| (Rs. In Lakhs)                                              |                 |                                |                                                                       |                                                                            |                                         |                  |                    |
|-------------------------------------------------------------|-----------------|--------------------------------|-----------------------------------------------------------------------|----------------------------------------------------------------------------|-----------------------------------------|------------------|--------------------|
| Particulars                                                 | Surplus         |                                |                                                                       |                                                                            |                                         |                  |                    |
|                                                             | General Reserve | Surplus as per Profit and Loss | Capital Redemption Reserve-Fully Redeemable Preference Shares (FRCPS) | Capital Redemption Reserve-Optionally Convertible Preference Shares (OCPs) | Capital Reserve on Business Combination | Security Premium | Total Other Equity |
| Balance as at April 1, 2018                                 | 89.95           | 2,046.49                       | 150.00                                                                | 34.67                                                                      | 720.39                                  | -                | 3,041.50           |
| Profit/Loss for the year                                    | -               | 2,094.69                       | -                                                                     | -                                                                          | -                                       | -                | 2,094.69           |
| Other comprehensive income for the year                     | -               | 10.20                          | -                                                                     | -                                                                          | -                                       | -                | 10.20              |
| Security Premium                                            | -               | -                              | -                                                                     | -                                                                          | -                                       | 144.87           | 144.87             |
| <b>Total inclusive of comprehensive income for the year</b> | <b>-</b>        | <b>2,104.89</b>                | <b>-</b>                                                              | <b>-</b>                                                                   | <b>-</b>                                | <b>144.87</b>    | <b>2,249.76</b>    |
| Transfer to General Reserve                                 | -               | -                              | -                                                                     | -                                                                          | -                                       | -                | -                  |
| Transfer to/from Capital Redemption Reserve - FRCPS         | -               | (75.00)                        | 75.00                                                                 | -                                                                          | -                                       | -                | -                  |
| Transfer to/from Capital Redemption Reserve - OCPs          | 34.67           | -                              | -                                                                     | (34.67)                                                                    | -                                       | -                | -                  |
| Equity Dividend                                             | -               | (200.00)                       | -                                                                     | -                                                                          | -                                       | -                | (200.00)           |
| Taxes Paid                                                  | -               | (37.83)                        | -                                                                     | -                                                                          | -                                       | -                | (37.83)            |
| Tax on Interim & Final Dividend                             | -               | (41.24)                        | -                                                                     | -                                                                          | -                                       | -                | (41.24)            |
| <b>Balance as at March 31, 2019</b>                         | <b>124.62</b>   | <b>3,797.31</b>                | <b>225.00</b>                                                         | <b>-</b>                                                                   | <b>720.39</b>                           | <b>144.87</b>    | <b>5,012.19</b>    |
| Profit/Loss for the year                                    | -               | 2865.65                        | -                                                                     | -                                                                          | -                                       | -                | 2,865.65           |
| Security Premium                                            | -               | -                              | -                                                                     | -                                                                          | -                                       | 5,900.03         | 5,900.03           |
| Other comprehensive income for the year                     | -               | -52.59                         | -                                                                     | -                                                                          | -                                       | -                | (52.59)            |
| <b>Total inclusive of comprehensive income for the year</b> | <b>-</b>        | <b>2,813.06</b>                | <b>-</b>                                                              | <b>-</b>                                                                   | <b>-</b>                                | <b>5,900.03</b>  | <b>8,713.09</b>    |
| Transfer to General Reserve                                 | -               | -                              | -                                                                     | -                                                                          | -                                       | -                | -                  |

## CONSOLIDATED STATEMENT OF CHANGE IN EQUITY (CONTD.)

for the year ended March 31, 2020

(Rs. In Lakhs)

| Particulars                                         | Surplus         |                                |                                                                                  |                                                                            |                                         |                  |                    |
|-----------------------------------------------------|-----------------|--------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------------------|-----------------------------------------|------------------|--------------------|
|                                                     | General Reserve | Surplus as per Profit and Loss | Capital Redemption Reserve-Fully Redeemable Cumulative Preference Shares (FRCPS) | Capital Redemption Reserve-Optionally Convertible Preference Shares (OCPS) | Capital Reserve on Business Combination | Security Premium | Total Other Equity |
| Transfer to/from Capital Redemption Reserve - FRCPS | 225.00          | -                              | (225.00)                                                                         | -                                                                          | -                                       | -                | -                  |
| Transfer to/from Capital Redemption Reserve - OCPS  | -               | -                              | -                                                                                | -                                                                          | -                                       | -                | -                  |
| Equity Dividend                                     | -               | (350.02)                       | -                                                                                | -                                                                          | -                                       | -                | (350.02)           |
| Taxes Paid                                          | -               | (4.02)                         | -                                                                                | -                                                                          | -                                       | -                | (4.02)             |
| Tax on Interim & Final Dividend                     | -               | (80.15)                        | -                                                                                | -                                                                          | -                                       | -                | (80.15)            |
| Balance as at March 31, 2020                        | 349.62          | 6,176.18                       | -                                                                                | -                                                                          | 720.38                                  | 6,044.90         | 13,291.09          |

The Company has completed Initial Public Offerings (IPO) of 32,55,813 shares of Rs. 10 each at an offer price of 215/- per Equity share aggregating to Rs.70 Crores through Fresh Issue of Equity Shares along with combined offer for sale of 29,00,000 shares by promoters and promoter group selling shareholders. The Equity Shares of the Company are listed on May 8, 2019 on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

Other notes to Accounts & the accompanying notes are an integral part of Consolidated Financial Statements

As per our report of even date attached

For JMT & Associates

Chartered Accountants

Firm Registration No. : 104167W

**Mr. Sanjay Pichholia**

Partner

Membership No. : 122651

Place: Thane

Date: May 23, 2020

**Mr. Haridas Kanani**

Chairman & Managing Director

DIN : 00185487

**Mr. Mahesh Tanna**

Chief Financial Officer

For & behalf of the Board of Directors

**Dr. Harin Kanani**

Managing Director

DIN : 05136947

**Ms. Unnati Kanani**

Company Secretary

Membership No. : A35131

# CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended March 31, 2020

| (Rs. in Lakhs)                                                                                             |                                      |                                      |
|------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Particulars                                                                                                | For the Year Ended<br>March 31, 2020 | For the Year Ended<br>March 31, 2019 |
| <b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>                                                              |                                      |                                      |
| Net Profit/(loss) before extra - ordinary Items & tax                                                      | 4,109.68                             | 2,925.43                             |
| <b>Adjustments for:</b>                                                                                    | -                                    | -                                    |
| Finance costs recognised in profit or loss                                                                 | 1,192.51                             | 1,193.78                             |
| Investment income recognised in profit or loss                                                             | (13.62)                              | (21.00)                              |
| Loss on disposal of property, plant and equipment                                                          | 6.53                                 | -                                    |
| Fair Value Gain / (Loss) on Derivative contracts                                                           |                                      | (20.01)                              |
| Net (gain)/loss arising on financial liabilities mandatorily measured at fair value through profit or loss | 115.85                               | 55.17                                |
| Depreciation and amortisation of non-current assets                                                        | 524.14                               | 283.68                               |
| Net foreign exchange (gain)/loss                                                                           | 390.93                               |                                      |
| <b>Operating profit before working capital changes</b>                                                     | <b>6,326.02</b>                      | <b>4,417.05</b>                      |
| <b>Movement in working capital</b>                                                                         |                                      |                                      |
| (Increase)/decrease in other current and non-current financial assets                                      |                                      | 280.43                               |
| (Increase)/decrease in trade and other receivables                                                         | (1,457.00)                           | (1,929.60)                           |
| (Increase)/decrease in inventories                                                                         | (5,749.24)                           | (2,238.55)                           |
| (Increase)/decrease in current and non current long term loans & advances                                  |                                      | (68.68)                              |
| (Increase)/decrease in current and non current financial assets - Loans                                    |                                      | (16.94)                              |
| (Increase)/decrease in other assets                                                                        | (704.07)                             | (978.56)                             |
| Increase/ (decrease) in trade and other payables                                                           | (696.76)                             | 614.63                               |
| Increase/(decrease) in current and non current financial liabilities                                       | -                                    | 422.74                               |
| Increase/(decrease) in provisions                                                                          |                                      | (369.72)                             |
| increase/(decrease) in other liabilities                                                                   | 100.05                               | 50.53                                |
| <b>Cash flow from/(utilised in) operating activities post working capital changes</b>                      | <b>(8,507.02)</b>                    | <b>(4,233.71)</b>                    |
| Income taxes paid/Refunds (net)                                                                            | (1,273.73)                           | (551.02)                             |
| <b>Net cash flow from/(utilised in) in operating activities (A)</b>                                        | <b>(3,454.73)</b>                    | <b>(367.69)</b>                      |
| <b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>                                                              |                                      |                                      |
| Interest received                                                                                          | -                                    | -                                    |
| - BANK & OTHERS                                                                                            | 8.68                                 | 10.71                                |
| - Other Income                                                                                             | 11.70                                | 10.30                                |
| Payments for property, plant and equipment (Net)                                                           | (2,631.70)                           | (1,838.05)                           |
| Capital WIP                                                                                                | (230.79)                             | (176.43)                             |
| Amount received from Partnership Firm                                                                      | -                                    | (15.87)                              |
| Payments for intangible assets                                                                             | (20.76)                              | -                                    |
| <b>Net cash used in investing activities (B)</b>                                                           | <b>(2,862.87)</b>                    | <b>(2,009.34)</b>                    |

# CONSOLIDATED STATEMENT OF CASH FLOW (CONTD.)

for the year ended March 31, 2020

(Rs. in Lakhs)

| Particulars                                                                       | For the Year Ended<br>March 31, 2020 | For the Year Ended<br>March 31, 2019 |
|-----------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>                                     |                                      |                                      |
| Proceeds from issue of equity instruments of the Company                          | 7,000.00                             | -                                    |
| Payment for share issue costs                                                     | (591.30)                             | -                                    |
| Proceeds from borrowings                                                          | 5,359.06                             | 3,933.52                             |
| Repayment of borrowings                                                           | (3,705.51)                           | (110.35)                             |
| Finance Cost                                                                      | (1,192.51)                           | (993.74)                             |
| Prior Period & Other items / Taxes                                                | (175.92)                             | (56.58)                              |
| Dividends paid (incl. tax)                                                        | (430.17)                             | (375.38)                             |
| <b>Net cash flow from/(utilised in) financing activities (C)</b>                  | <b>6,263.65</b>                      | <b>2,397.47</b>                      |
| Cash and cash equivalents at the beginning of the year                            | 202.15                               | 181.70                               |
| <b>Cash and cash equivalents at the end of the year</b>                           | <b>148.20</b>                        | <b>202.15</b>                        |
| <b>Reconciliation of cash and cash equivalents as per the cash flow Statement</b> |                                      |                                      |
| Cash and cash equivalents                                                         | 56.02                                | 116.64                               |
| Balance with bank (Margin)                                                        | 92.18                                | 85.51                                |
| <b>Balance as per statement of cash flows</b>                                     | <b>148.20</b>                        | <b>202.15</b>                        |

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (IndAS-7) - Statement of Cash Flow.

## 'Changes in liability arising from financing activities

|                        | April 1, 2019 | Cash Flows |          | March 31, 2020 |
|------------------------|---------------|------------|----------|----------------|
|                        |               | Payments   | Receipts |                |
| Current Borrowings     | 6,516.57      | 4,149.60   | 472.28   | 10,193.89      |
| Non-current Borrowings | 5,059.40      | 1,681.74   | 3,705.51 | 3,035.63       |
| <b>Total</b>           |               |            |          |                |

Other notes to Accounts & the accompanying notes are an integral part of Consolidated Financial Statements

As per our report of even date attached

For JMT & Associates

Chartered Accountants

Firm Registration No. : 104167W

For & behalf of the Board of Directors

**Mr. Sanjay Pichholia**

Partner

Membership No. : 122651

**Mr. Haridas Kanani**

Chairman & Managing Director

DIN : 00185487

**Mr. Mahesh Tanna**

Chief Financial Officer

**Dr. Harin Kanani**

Managing Director

DIN : 05136947

**Ms. Unnati Kanani**

Company Secretary

Membership No. : A35131

Place: Thane

Date: May 23, 2020

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 1. Corporate information

Neogen Chemicals Limited is a Public Limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 having Corporate Identity Number L24200MH1989PLC050919. Company has its registered office at Thane, Maharashtra. The Company is engaged in the business of manufacturing of eco - friendly speciality chemicals which are used in Pharmaceutical, Engineering & Agro-Chemical industries. Neogen has developed significant expertise in highly demanding field of Bromine Compounds, Lithium compounds & more recently advance intermediates for pharmaceutical industries & pesticides industries of world class standards. The principal place of business of the company are at Thane (HO), one unit of Factory at Mahape in Navi Mumbai and another unit of Factory at Karakhadi in District Vadodara, Gujarat & third site at Dahej SEZ, Gujarat is now operational for further expansion of business of Organic Chemistry & Lithium chemistry. The Company caters to both domestic and international markets. The Manufacturing facility is also having well equipped R & D and analytical labs. It has various certificates like ISO 9001:2008, ISO 14001 & ISO 18001 for Safety & Environment, Star Export House from Government of India and Crisil rating.

The Company has completed Initial Public Offerings (IPO) of 32,55,813 shares of Rs. 10 each at an offer price of 215/- per Equity share aggregating to Rs.70 Crores through Fresh Issue of Equity Shares along with combined offer for sale of 29,00,000 shares by promoters and promoter group selling shares. The Equity Shares of the Company are listed on May 8, 2019 on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

The company has following investments in subsidiaries and Joint Venture :

Subsidiary : NIL

**Joint Venture :** Dhara Fine Chem Industry (Registered Partnership Firm). Company owns 90 % share in Partnership and financial statements of Joint venture are consolidated under Equity Method of accounting of Investments.

## 2. Basis of preparation and Significant accounting policies

### 2.1 Basis of preparation and Statement of compliance

The accompanying consolidated Financial Statements have been prepared in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards (IndAS) prescribed under the section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and relevant provisions of the Companies Act, 2013.

#### *Basis of preparation of financial statements*

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities that are measured at fair value;
- assets held for sale - measured at lower of carrying amount or fair value less cost to sell;
- defined benefit plans - plan assets measured at fair value;

#### *Current and non-current classification*

- All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle (not exceeding twelve months) and other criteria set out in the Schedule III to the Act. All other liabilities are classified as non-current. Deferred tax and liabilities are classified as non-current only. The IndAS are prescribed under section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rule, 2015 and relevant amendment rules issued thereafter. Accounting policies have been consistently applied except where newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### *Rounding of amounts*

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lakhs as per the requirement of Schedule III of the Companies Act 2013, unless otherwise stated.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 2.2 Functional and presentation currency

These consolidated Financial Statements are presented in Indian rupees, which is also the Company's functional currency. All amounts have been reported in INR, unless otherwise indicated.

## 2.3 Basis of measurement

The consolidated Financial Statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) that are measured at fair value; and
- Net defined benefit (assets) / liabilities that are measured at fair value of plan assets less present value of defined benefit obligations

## 2.4 Use of estimates and judgements

The preparation of the consolidated Financial Statements in accordance with IndAS requires use of judgements, estimates and assumptions, which affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised prospectively.

This note provides an overview of the areas where there is a higher degree of judgement or complexity. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation. The areas involving critical estimates or judgements are:

- Useful life of intangible assets-Note 2.6 (b)
- Defined benefit obligation-Note 2.6 (p) (iii)
- Current tax expenses and current tax payable-Note 2.6 (l)
- Deferred tax assets for carried forward tax losses-Note 2.6 (l)
- Impairment of financial assets-Note 2.6 (b)

Estimates and judgements are regularly revisited. Estimates are based on historical experience and other factors, including futuristic reasonable information that may have a financial impact on the company.

## 2.5 Standards issued but not effective (based on Exposure drafts available as on date) The amendments are proposed to be effective for reporting periods beginning on or after April 1, 2020.

Issue of IndAS-117 Insurance Contracts IndAS-117 supersedes IndAS-104 Insurance contracts. It establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. Under the IndAS-117 model, insurance contract liabilities will be calculated as the present value of future insurance cash flow with a provision for risk. Application of this standard is not expected to have any significant impact on the Company's financial statements.

## 2.6 Significant accounting policies

A summary of the significant accounting policies applied in the preparation of the financial statements is as given below. These accounting policies have been applied consistently to all the periods presented in the financial statements.

### a) *Investments in subsidiaries, associates and joint ventures.*

The investments in subsidiaries, associates and joint ventures are carried in these financial statements at historical 'cost', except when the investment, or a portion thereof, classified as held for sale, in which it is accounted for as Non-current assets held for sale and discontinued operations. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to P&L.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

## b) *Property, plant and equipment*

### **Recognition and initial measurement**

The Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements on transition to IndAS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Major shutdown and overhaul expenditure is capitalised as the activities undertaken improves the economic benefits expected to arise from the asset. It includes professional fees and, for a qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy based on IndAS-23 Borrowing costs. Such properties are classified to the appropriate categories of PPE when completed and ready for intended use.

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 Company and the cost of item can be measured reliably. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

In case an item of property, plant and equipment is acquired on deferred payment basis, interest expenses included in deferred payment is recognised as interest expense and not included in cost of asset.

### **Depreciation and amortisation estimated useful life and residual value**

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is

recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect the following categories of assets, in whose case the line of assets has been assessed as under based on technical advice, taking into account the nature of asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

| Description of Asset Class                     | Useful life as per Schedule II |
|------------------------------------------------|--------------------------------|
| Buildings                                      | 30 years                       |
| Plant and machinery                            | 20 years                       |
| M.S. Structure & FRP Gratings                  | 20 years                       |
| Effluent Treatment Plant                       | 20 years                       |
| Safety Equipments                              | 10 years                       |
| Quality Control Instruments & R & D Equipments | 10 years                       |
| Office equipment's                             | 5 years                        |
| I T Equipments                                 | 3 years                        |
| Furniture and fixtures                         | 10 years                       |
| Vehicles                                       | 8 years                        |

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of asset's useful life and the lease term, if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term. Leasehold improvements are amortised over the period of lease which ranges from 1 to 99 years.

The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

## De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the restated consolidated statement of profit and loss when the asset is derecognised.

## c) Intangible assets

### Recognition and initial measurement

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting year, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Where intangible asset is acquired in a business combination, it is measured at its acquisition date fair value.

Internally generated intangible asset is recognised as an asset in the books only and only when the company develops an identifiable intangible asset and the following criteria are satisfied:

- It is technically feasible to complete the software so that it will be available for use
- Management intends to complete the software and use or sell it
- There is an ability to use or sell the software
- It can be demonstrated how the software will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available, and

- The expenditure attributable to the software during its development can be reliably measured

Directly attributable costs that are capitalised as part of the intangible asset include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

### Useful life and amortisation

"Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over the useful lives of the asset from the date of capitalisation as below:

- Computer software 3-5 years
- Non-compete fees 1-3 year(s)  
The estimated useful life is reviewed at the end of each reporting period and the effect of any changes in estimate is accounted for prospectively."

### Derecognition

Intangible assets are derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

The Company has elected to continue with carrying value of all its intangible assets recognised as on transition date, measured as per the previous GAAP and use that carrying value as its deemed cost as of transition date.

### Impairment

At the end of each reporting year, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

Goodwill and intangible assets that do not have definite useful life are not amortised and are tested at least annually for impairment. If events or changes in circumstances indicate that they might be impaired, they are tested for impairment once again.

## d) Inventory

Inventories are valued at cost or net realizable value, whichever is lower. The cost in respect of

the various items of inventory is computed as under:

- Raw material cost includes cost of purchases and other costs incurred in bringing the inventories to their present location and condition
- Stores and spares cost include cost of purchases and other costs incurred in bringing the inventories to their present location and condition
- In case of work in progress at raw material cost plus direct conversion and a proportion of fixed manufacturing overheads allocated based on the normal operating capacity but excluding borrowing costs
- In case of finished goods-cost includes cost of direct material, labour, other direct cost and a proportion of fixed manufacturing overheads allocated based on the normal operating capacity but excluding borrowing costs
- In case of scrap of goods, the same are valued at net realizable value

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The net realizable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost, except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realizable value.

## e) Cash and cash equivalents

Cash and cash equivalent comprise cash at banks and on hand and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## f) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

issuance of new ordinary shares and share options and buyback of ordinary shares are recognised as a deduction from equity, net of any tax effects.

## g) *Foreign currency transactions*

The financial information is presented in Indian Rupee ('Rs.') which is also the functional currency of the Company, rounded off to nearest lacs up to two decimals.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income/expenses, as the case may be.

## h) *Provisions and contingent liabilities*

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises when there is a presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of

money is material. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

## i) *Revenue Recognition*

Revenue is recognised to the extent it is probable that future economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable net of related rebates. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from sale of goods is recognised when substantial risk and rewards of the ownership are transferred to the buyer under the terms of the contract.

The Company recognises revenues on sale of products, net of discounts, rebates granted, returns, GST and duties.

## j) *Other income*

### a. *Interest Income*

Interest income is recognised on time proportion basis considering the amount outstanding and rate applicable. For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR) that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

## **b. Government grant**

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the company will comply with the condition attached to them and (ii) the grant / subsidy will be received.

Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the years in which the Company recognises as expenses the related costs for which the grants are intended to compensate or when performance obligations are made.

Where the grant relates to an asset, it is recognised as deferred income and credited to income in equal amounts over the expected useful life of the related asset.

## **k) Employee benefits**

Expenses and liabilities in respect of employee benefits are recorded in accordance with Indian Accounting Standard 19- Employee Benefits.

## **l) Borrowing costs**

Borrowing costs directly attributable to the acquisitions, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Capitalisation of borrowing costs is suspended in the period during which the active development is delayed due to, other than temporary, interruption.

## **m) Income taxes**

The income tax expense recognised in the financial statement of profit and loss comprises the sum of deferred tax and current tax not recognised in Other Comprehensive Income (OCI) or directly in equity.

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Current tax relating to items is recognised outside statement of profit and loss (that is in OCI or equity depending upon the treatment of underlying item).

Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss, unused tax credits or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. 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 asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside statement of profit and loss (in OCI or equity depending upon the treatment of underlying item).

Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each financial statement of assets and liabilities date and writes down the carrying amount of MAT credit entitlement to the extent it is not reasonably certain that the Company

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

will pay normal income-tax during the specified period.

The Company has benefited from certain income tax incentives that the Government of India had provided for export of software from the units registered under the Special Economic Zones Act (SEZs), 2005. SEZ units which began the provision of services on or after April 1, 2005 are eligible for a deduction of 100% of profits or gains derived from the export of services for the first five years from the financial year in which the unit commenced the provision of services and 50% of such profits or gains for further five years. Up to 50% of such profits or gains is also available for a further five years subject to creation of a Special Economic Zone Re-investment Reserve out of the profit for the eligible SEZ units and utilisation of such reserve by the Company for acquiring new plant and machinery for the purpose of its business as per the provisions of the Income tax Act, 1961

## n) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the financial year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the financial year. The weighted average number of equity shares outstanding during the financial year is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## o) Lease

The company has applied IndAS-116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IndAS-17.

## As a lessee

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position. (Refer Note-18)

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases were classified as operating leases and were not recognised in the company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease. Leases are classified as finance leases whenever the terms of the



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

lease transfer substantially all the risks and rewards incidental to the ownership of an asset to the Company. All other leases are classified as operating leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Land under perpetual lease for is accounted as finance lease which is recognised at upfront premium paid for the lease and the present value of the lease rent obligation. The corresponding liability is recognised as a finance lease obligation. Land under non-perpetual lease is treated as operating lease.

Operating lease payments for land are recognised as prepayments and amortised on a straight-line basis over the term of the lease. Contingent rentals, if any, arising under operating leases are recognised as an expense in the period in which they are incurred.

## **p) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting done to the Chief Operating Decision Maker. The Company operates in a single operating segment. The board of directors is collectively the company's 'Chief Operating Decision maker' or 'CODM' within the meaning of IndAS-108.

### **Information about Major Customers**

During the year ended March 31, 2020 and March 31, 2019 respectively, revenue from single customer did not amount to 10% or more of the companies revenue from external customer.

## **q) Significant accounting judgements, estimates and assumptions**

When preparing the financial information management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:

### **Significant judgements:**

#### **(i) Recognition of deferred tax assets**

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised. The recognition of deferred tax assets and reversal thereof is also dependent upon management decision relating to timing of availment of tax holiday benefits available under the Income Tax Act, 1961 which in turn is based on estimates of future taxable profits.

#### **(ii) Contingent liabilities**

The Company is the subject of certain legal proceedings which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable, and the amount of the loss can be reasonably estimated.

(iii) Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

(iv) Allowance for doubtful debts

The allowance for doubtful debts reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Company's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, dealer termination rates, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Company's debtors compared to that already taken into consideration in calculating the allowances recognised in the financial statements.

(v) Litigation

From time to time, the Company might be subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made, and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating,

among other factors, the probability of unfavorable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

Sources of estimation uncertainty:

(i) Provisions

At each consolidated statement of assets and liabilities date, basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding warranties and guarantees. However, the actual future outcome may be different from management's estimates.

(ii) Recoverability of advances/receivables

At each consolidated statement of assets and liabilities date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

**r) Business combination**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree if any. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed if any are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IndAS-12 Income Tax and IndAS-19 Employee Benefits respectively.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred (bargain purchase), the company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in Other Comprehensive Income (OCI) an accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

**s) *Investments in subsidiaries, joint ventures and associates***

Investments in subsidiaries, joint ventures and associates are recognised at cost as per IndAS-27. Except where investment accounted for at cost shall be accounted for in accordance

with IndAS-105, Non-current Assets Held for Sale and Discontinued Operations, when they are classified as held for sale.

**t) *Investment and other financial assets***

**a. Classification**

The Company classifies its financial assets in the following measurement categories:

- i. those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and
- ii. those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

**b. Measurement**

At initial recognition, the Company measures a financial asset at its fair value. Transaction cost of financial assets carried at fair value through the Profit and Loss are expensed in the Statement of Profit and Loss.

**u) *Debt instruments:***

Subsequent measurement of debt instruments depends on the Company's business model for managing the assets and the cash flow characteristics of the assets. The Company classifies its debt instruments into following categories:

- i. Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent safety payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method.
- ii. Fair value through profit and loss: Assets that do not meet the criteria for amortised cost are measured at fair value to the statement of profit and loss. Interest income from these financial assets is included in other income.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

## v) *Short - term obligation*

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services upto the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

## w) *Other long - term employee benefit obligations*

The liabilities for earned leave and sick leave that are not expected to be settled wholly within 12 months are measured as the present value of expected future payments to be made in respect of services provided by employees upto the end of the reporting period using the projected unit credit method. The benefits are discounted using the discount rates for Government Securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurement as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

### a. **Post - employment obligations**

The company operates the following post employment schemes

- (a) defined benefits plans
- (b) such as gratuity and leave encashment, and
- (c) defined contribution plans such as provident fund etc.

### b. **Leave and gratuity obligations**

The liability or asset recognised in the balance sheet in the respect of defined benefit pension and gratuity plans in the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan asset. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the

estimated future cash outflows by reference to the market yields at the end of the reporting period on Government bonds that have terms approximating to the terms of the related obligations.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

### c. **Defined contribution plans**

Defined contribution plans such as provident fund etc., are charged to the Statement of Profit and Loss as and when incurred.

### d. **Termination benefits**

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the company can no longer withdraw the offer of those benefits; and (b) when the Company recognises cost for a restructuring that is within the scope of IndAS-37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

## x) *Financial instruments*

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

Financial assets and financial liabilities are initially measured at fair value. 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 Statement of Profit and Loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in Statement of Profit and Loss.

## y) *Financial assets*

### a) **Recognition and initial measurement**

The Company initially recognises loans and advances, deposits and debt securities purchased on the date on which they originate. Purchases and sale of financial assets are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. All financial assets are recognised initially at fair value. In the case of financial assets not recorded at FVTPL, transaction costs that are directly attributable to its acquisition of financial assets are included therein.

### b) **Classification of financial assets and Subsequent Measurement**

On initial recognition, a financial asset is classified to be measured at –

- Amortised cost; or
- Fair Value through Other Comprehensive Income (FVTOCI) – debt investment; or
- Fair Value through Other Comprehensive Income (FVTOCI) – equity investment; or
- Fair Value through Profit or Loss (FVTPL)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

A debt instrument is classified as FVTOCI only if it meets both of the following conditions and is not recognised at FVTPL

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the Other Comprehensive Income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method

All equity investments in scope of IND AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which IND AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, on sale/disposal the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss

All other financial assets are classified as measured at FVTPL

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces and accounting mismatch that would otherwise arise

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains and losses arising on remeasurement recognised in statement of profit or loss. The net gain or loss recognised in statement of profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income' line item. Dividend on financial assets at FVTPL is recognised when:

- The Company's right to receive the dividends is established,
- It is probable that the economic benefits associated with the dividends will flow to the entity,
- The dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably

## Derecognition of financial assets

The Company derecognises a financial asset 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 party.

## Impairment

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (that is all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

that are predicted over the next 12 months. If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous year, but determines at the end of a reporting year that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous year, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IndAS-11 and IndAS-18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under IndAS-109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

## Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL and Interest income is recognised in profit or loss.

## Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

| Original classification | Revised classification | Accounting treatment                                                                                                                                                                                                                                 |
|-------------------------|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Amortised cost          | FVTPL                  | Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in Statement of Profit and Loss.                                                                                            |
| FVTPL                   | Amortised Cost         | Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.                                                                                                                 |
| Amortised cost          | FVTOCI                 | Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.                                                                           |
| FVTOCI                  | Amortised cost         | Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost. |
| FVTPL                   | FVTOCI                 | Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.                                                                                                                                                |
| FVTOCI                  | FVTPL                  | Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to Statement of Profit and Loss at the reclassification date.                                                                     |

## A-Financial liabilities and equity instruments

### a) Classification as debt or equity

Debt and equity instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of directly attributable transaction costs.

### c) Financial liabilities

Financial liabilities are classified as measured at amortised cost or 'FVTPL'.

A Financial Liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative (that does not meet

hedge accounting requirements) or it is designated as such on initial recognition.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- The financial liability forms part of a group of financial assets or financial



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- It forms part of a contract containing one or more embedded derivatives, and IND AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with IND AS 109

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the Statement of Profit and Loss

**d) Other financial liabilities**

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

**e) Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the

financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**Offsetting financial instrument**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle financial asset and liability on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**z) Corporate Social Responsibility**

As per section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting child education, environment sustainability, water, health and safety, COVID-19 relief and rural development projects. A CSR committee has been formed by the Company as per the Act. The gross amount required to spent by the company is Rs. 39.06 lakhs and the company has spent Rs. 39.37 lakhs.

## 2.5 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the company and its joint venture as at the reporting date

**Joint Venture**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement interests in joint venture are accounted for using the Equity Method of accounting (see below)

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

## *The CFS have been prepared in the following basis*

The CFS include the share of profit / loss of the joint ventures which are counted as per the 'equity method'. Under the equity method of accounting, the investment is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in profit and loss account of the investee in Total Comprehensive Income. Share of profits received or receivable, if any from joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, the Group does not recognise further losses, unless it has incurred

obligations or made payments on behalf of the other entity.

## 2.7 Change in Accounting Policy

Except as specified below, the company has consistently applied the accounting policies to all periods presented in this financial statement. The company has applied IndAS-116 with the date of initial application of April 1, 2019. As a result, the company has changed its accounting policy for lease contracts as detailed below.

The company has applied IndAS-116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at April 1, 2019.

| Particulars                                                   | Amount   |
|---------------------------------------------------------------|----------|
| Lease commitments as at March 31, 2019                        | 264.10   |
| Add/(less): contracts reassessed as lease contracts           | (217.34) |
| Add / (less): adjustments on account of extension/termination | (13.16)  |
| Lease liabilities as on April 1, 2019                         | 33.60    |
| Current lease liability                                       | 33.60    |
| Non current lease liabilities                                 | -        |

**Right of use assets of Rs. 144.04 and lease liabilities of Rs. 144.04 have been recognised as on April 1, 2019.**

The impact of change in accounting policy on account on adoption of IndAS-116 is as follows :

| Particulars                                 | Amount |
|---------------------------------------------|--------|
| Decrease in Property Plant and equipment by | -      |
| Increase in lease liability by              | 634.82 |
| Increase in rights of use by                | 645.64 |
| Increase/Decrease in Deferred tax assets by | 229.95 |
| Increase/Decrease in finance cost by        | 64.26  |
| Increase/Decrease in depreciation by        | 139.33 |

## 2.7 (i) As Lessee

### (A) Additions to right of use assets

Property, plant and equipment comprises owned and leased assets that do not meet the definition of investment property.

| Particulars                                         | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-----------------------------------------------------|-------------------------|-------------------------|
| Property, plant and equipment owned                 | -                       | -                       |
| Right-of-use assets, except for investment property | 789.68                  | -                       |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

**(B) Carrying value of right of use assets at the end of the reporting period by class**

|                                                            | Total         |
|------------------------------------------------------------|---------------|
| <b>Right-of-use assets, except for investment property</b> |               |
| Office Premises at Vadodara                                | 25.97         |
| Warehouse at Navi Mumbai                                   | 359.42        |
| Office Premises at Thane                                   | 264.94        |
|                                                            | <b>650.33</b> |

**(C) Maturity analysis of lease liabilities**

| Maturity analysis – contractual undiscounted cash flows                                    | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Less than one year                                                                         | 147.70                  | -                       |
| One to five years                                                                          | 571.08                  | -                       |
| More than five years                                                                       | -                       | -                       |
| <b>Total undiscounted lease liabilities at March 31, 2020</b>                              | <b>718.78</b>           | -                       |
| <b>Lease liabilities included in the statement of financial position at March 31, 2020</b> | <b>718.78</b>           | -                       |
| Current                                                                                    | 147.70                  | -                       |
| Non-Current                                                                                | 571.08                  | -                       |

**(D) Amounts recognised in profit or loss**

| Particulars                                                                                      | for the year ended<br>March 31, 2020 | for the year ended<br>March 31, 2019 |
|--------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Interest on lease liabilities                                                                    | 64.26                                | -                                    |
| Variable lease payments not included in the measurement of lease liabilities                     | -                                    | -                                    |
| Income from sub-leasing right-of-use assets                                                      | -                                    | -                                    |
| Expenses relating to short-term leases                                                           | 131.33                               | 264.10                               |
| Expenses relating to leases of low-value assets, excluding short-term leases of low value assets | -                                    | -                                    |

**(E) Amounts recognised in the statement of cash flows**

| Particulars                   | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------------|-------------------------|-------------------------|
| Total cash outflow for leases | 286.94                  | 264.10                  |

**2.7 (ii) As Lessor**

**(A) Operating Lease**

The Company has not entered into operating leases on its office buildings.

**(B) Finance Lease**

The Company has no finance leases for various items of plant and machinery.

**3. Recent accounting pronouncement**

**Appendix B to IndAS-21, Foreign currency transactions and advance consideration:**

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to IndAS-21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

## **IndAS-115 Revenue from Contract with Customers**

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the IndAS-115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with IndAS-8 Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch - up approach)
- The Company is not expected to have any impact of this pronouncement on its consolidated financial information

## **Adoption of IndAS-116 Leases**

Effective April 1, 2019, the Company adopted IndAS-116, Leases and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently the company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the ROU asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019, have not been retrospectively adjusted and therefore will continue to be reported under the accounting

policies included as part of our Annual Report for the year ended March 31, 2019.

The Company has adopted modified retrospective approach as per IND AS 116-Lease, effective from annual reporting period beginning April 1, 2019. This has resulted in recognising right of use assets and corresponding lease liability as at March 31, 2020, in the consolidated balance sheet respectively. In the statement of Profit and Loss for the current period, operating lease expenses has changed from rent to depreciation cost for the right of use assets and finance cost for interest accrued on lease liability.

## **COVID-19**

The World Health Organisation announced a global health emergency due to a new strain of coronavirus ("COVID-19") and classified this outbreak as a pandemic in March 2020 following which Government of India announced a countrywide lockdown from March 24, 2020. Since majority of the products made by company are used as raw material / intermediates for Pharma, the company was classified in the definition of essential services. Manufacturing at all the plants of the Company were closed for production from March 24, 2020. Company applied for resumption of operation to the government, and after getting necessary permissions and making arrangements to meet government requirements on sanitisation, people movement and social distancing, the Company restarted its manufacturing operations gradually during April 2020 with all three plants resuming production by April 20, 2020.

Due to this lockdown, the company could not complete final processing / packing /dispatch of its goods scheduled during this period resulting into higher levels of inventories and lower than expected revenue for FY March 31, 2020. Due to closure of some of the customer plants / offices and difficulty in international shipments and port operations during this period, some of the receivable collection was also impacted resulting in higher receivables as on March 31, 2020.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 4(a). Property, plant and equipment

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2020 and March 31, 2019

| Description                                  | Freehold Land   | Leasehold Land | Factory buildings | Plant & Machinery | M.S.Structure & FRP Gratings | Quality Control Instruments | R & D Equipments | Effluent Treatment Equipments | Safety Equipments | Office Equipments | I.T Equipments | Motor Car    | Furniture & Fixtures | Total            |
|----------------------------------------------|-----------------|----------------|-------------------|-------------------|------------------------------|-----------------------------|------------------|-------------------------------|-------------------|-------------------|----------------|--------------|----------------------|------------------|
| <b>Gross carrying value (at deemed cost)</b> |                 |                |                   |                   |                              |                             |                  |                               |                   |                   |                |              |                      |                  |
| Balance as at April 1, 2019*                 | 2,805.81        | 907.36         | 851.15            | 2,880.81          | 472.03                       | 269.34                      | 124.78           | 65.32                         | 25.83             | 58.95             | 103.36         | 73.49        | 99.64                | 8,737.88         |
| Additions                                    | -               | -              | 784.95            | 1,311.63          | 51.52                        | 9.74                        | 103.00           | -                             | 9.00              | 35.85             | 35.56          | -            | 149.07               | 2,490.31         |
| Deletions / discarded / adjustments          | -               | (2.57)         | -                 | (7.40)            | -                            | -                           | -                | -                             | -                 | -                 | -              | -            | -                    | (9.97)           |
| <b>Balance as at March 31, 2020</b>          | <b>2,805.81</b> | <b>904.79</b>  | <b>1,636.10</b>   | <b>4,185.04</b>   | <b>523.55</b>                | <b>279.08</b>               | <b>227.78</b>    | <b>65.32</b>                  | <b>34.82</b>      | <b>94.80</b>      | <b>138.92</b>  | <b>73.49</b> | <b>248.72</b>        | <b>11,218.22</b> |
| <b>Accumulated depreciation</b>              |                 |                |                   |                   |                              |                             |                  |                               |                   |                   |                |              |                      |                  |
| As at April 1, 2019*                         | -               | 23.87          | 61.66             | 197.12            | 63.51                        | 32.69                       | 18.33            | 10.39                         | 5.33              | 9.14              | 33.66          | 2.68         | 8.30                 | 466.69           |
| Charge for the year                          | -               | 15.75          | 41.74             | 168.03            | 34.64                        | 27.34                       | 17.77            | 5.22                          | 2.70              | 12.35             | 31.82          | 8.58         | 15.08                | 381.01           |
| Deletions                                    | -               | (0.01)         | -                 | (1.67)            | -                            | -                           | -                | -                             | -                 | -                 | -              | -            | -                    | (1.68)           |
| <b>Balance as at March 31, 2020</b>          | <b>-</b>        | <b>39.61</b>   | <b>103.40</b>     | <b>363.48</b>     | <b>98.15</b>                 | <b>60.03</b>                | <b>36.10</b>     | <b>15.61</b>                  | <b>8.02</b>       | <b>21.49</b>      | <b>65.48</b>   | <b>11.27</b> | <b>23.38</b>         | <b>846.01</b>    |
| <b>Net carrying amount</b>                   |                 |                |                   |                   |                              |                             |                  |                               |                   |                   |                |              |                      |                  |
| As at April 1, 2019                          | 2,805.81        | 883.49         | 789.49            | 2,683.69          | 408.52                       | 236.65                      | 106.45           | 54.93                         | 20.50             | 49.81             | 69.70          | 70.81        | 91.35                | 8,271.19         |
| As at March 31, 2020                         | 2,805.81        | 865.18         | 1,532.70          | 3,821.56          | 425.40                       | 219.05                      | 191.68           | 49.71                         | 26.80             | 73.32             | 73.44          | 62.23        | 225.34               | 10,372.21        |

\*The Company has availed the deemed cost exemption in relation to the property plant and equipment on the date of transition April 1, 2017 and hence the net block carrying amount has been considered as the gross block carrying amount on that date.

Certain property, plant and equipment are pledged against borrowing, the details relating to which have been described in Note 17a.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 4(b).Right of Use Assets

Following are the changes in the carrying value of Right of Use Assets for the year ended March 31, 2020 and the year ended March 31, 2019

| (Rs. in Lakhs)                        |                                 |                                 |
|---------------------------------------|---------------------------------|---------------------------------|
| Description                           | Balance as at<br>March 31, 2020 | Balance as at<br>March 31, 2019 |
| Opening                               | -                               | -                               |
| Additions                             | 789.68                          | -                               |
| Deletions / discarded / adjustments   | -                               | -                               |
|                                       | 789.68                          |                                 |
| <b>Less: Accumulated Amortisation</b> |                                 |                                 |
| Opening balance                       | -                               | -                               |
| Charge for the year                   | 139.35                          | -                               |
| Deletions                             | -                               | -                               |
|                                       | 139.35                          |                                 |
| <b>Net Carrying Amount</b>            | <b>650.33</b>                   |                                 |

## 5. Capital Work in Progress

Following are the changes in the carrying value of Capital work in progress for the year ended March 31, 2020 and the year ended March 31, 2019

| (Rs. in Lakhs)              |                                 |                                 |
|-----------------------------|---------------------------------|---------------------------------|
| Description                 | Balance as at<br>March 31, 2020 | Balance as at<br>March 31, 2019 |
| Opening                     | 38.54                           | 137.89                          |
| Additions                   | 1,892.49                        | 38.54                           |
| Capitalised during the year | (1,661.70)                      | (137.89)                        |
| <b>Closing</b>              | <b>269.33</b>                   | <b>38.54</b>                    |

## 6. Intangible assets

Following are the changes in the carrying value of Intangible assets for the year ended March 31, 2020 and the year ended March 31, 2019

| (Rs. in Lakhs)                        |                                 |                                 |
|---------------------------------------|---------------------------------|---------------------------------|
| Description                           | Balance as at<br>March 31, 2020 | Balance as at<br>March 31, 2019 |
| <b>Software and Consultancy</b>       |                                 |                                 |
| Opening                               | 12.99                           | 5.84                            |
| Additions                             | 24.56                           | 7.16                            |
| Deletions / discarded / adjustments   | -                               | -                               |
|                                       | 37.55                           | 13.00                           |
| <b>Less: Accumulated Amortisation</b> |                                 |                                 |
| Opening balance                       | 2.19                            | 0.78                            |
| Charge for the year                   | 3.79                            | 1.41                            |
| Deletions                             | -                               | -                               |
|                                       | 5.98                            | 2.19                            |
| <b>Net Carrying Amount</b>            | <b>31.57</b>                    | <b>10.81</b>                    |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 7. Non-current financial assets - Investments (measured at cost)

(Rs. in Lakhs)

| Particulars                                                 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------------------------------------------|-------------------------|-------------------------|
| Investment in Partnership Firm - Dhara Fine Chem Industries |                         |                         |
| Carrying amount of Investment                               | 52.58                   | 42.28                   |
| Share of Profit for the year                                | 11.21                   | 10.30                   |
| Amount withdrawn from Capital Investment                    | (3.76)                  | -                       |
| <b>Total</b>                                                | <b>60.03</b>            | <b>52.58</b>            |

## 8. Non-current other financial assets

Unsecured, considered good

(Rs. in Lakhs)

| Particulars       | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------|-------------------------|-------------------------|
| Security Deposits | 588.47                  | 253.89                  |
| <b>Total</b>      | <b>588.47</b>           | <b>253.89</b>           |

## 9. Other non-current assets

Unsecured, considered good

(Rs. in Lakhs)

| Particulars      | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|------------------|-------------------------|-------------------------|
| Capital advances | 406.96                  | 40.21                   |
| <b>Total</b>     | <b>406.96</b>           | <b>40.21</b>            |

## 10. Inventories

(at lower of cost and net realisable value)

(Rs. in Lakhs)

| Particulars         | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---------------------|-------------------------|-------------------------|
| - Raw materials*    | 2,650.57                | 1,339.29                |
| - Work in Progress* | 7,824.26                | 4,821.40                |
| - Finished goods*   | 2,291.71                | 933.34                  |
| - Stores & Spares   | 175.78                  | 117.71                  |
| - Fuel              | 7.56                    | 6.42                    |
| - Packing           | 37.18                   | 19.66                   |
| <b>Total</b>        | <b>12,987.06</b>        | <b>7,237.82</b>         |

\*Hypotheciated with Banks for Working Capital Limit



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 11. Trade Receivables\*

(Rs. in Lakhs)

| Particulars                                                        | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--------------------------------------------------------------------|-------------------------|-------------------------|
| - Unsecured, considered good -Outstanding for more than Six Months | 174.84                  | 113.59                  |
| Unsecured considered goods                                         |                         | -                       |
| For Export                                                         | 1,785.80                | 1,430.13                |
| For Domestic                                                       | 5,562.27                | 4,522.19                |
| <b>Total</b>                                                       | <b>7,522.91</b>         | <b>6,065.91</b>         |

\*Hypotheciated with Banks for Working Capital Limit

## 12a. Cash and cash equivalents

(Rs. in Lakhs)

| Particulars          | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|----------------------|-------------------------|-------------------------|
| Balance with banks : |                         |                         |
| - in current account | 41.70                   | 94.59                   |
| Cash in hand         | 14.32                   | 22.05                   |
| <b>Total</b>         | <b>56.02</b>            | <b>116.64</b>           |

## 12b. Bank balances other than those disclosed in Note 12a above

(Rs. in Lakhs)

| Particulars                                                                          | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--------------------------------------------------------------------------------------|-------------------------|-------------------------|
| - in deposit accounts held as margin money against Bank Guarantee & Letter of credit | 92.19                   | 85.51                   |
| <b>Total</b>                                                                         | <b>92.19</b>            | <b>85.51</b>            |

## 13. Other Current financial assets

(Rs. in Lakhs)

| Particulars                                                                            | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|----------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Loan to Related Parties - Partnership firm Dhara Fine Chem Industries (Joint Venture)* | -                       | 28.49                   |
| <b>Others</b>                                                                          |                         |                         |
| (Measured at Amortised Cost)                                                           |                         |                         |
| Loans and Advances to employees                                                        | 25.72                   | 15.72                   |
| <b>Total</b>                                                                           | <b>25.72</b>            | <b>44.21</b>            |

\*Refer Note 36 - Related Party Disclosures

## 14. Other current assets

(Rs. in Lakhs)

| Particulars                          | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--------------------------------------|-------------------------|-------------------------|
| Advances to Trade Creditors          | 70.96                   | 128.42                  |
| Balances with Government Authorities | 2,055.61                | 2,057.49                |
| Preliminary / Pre-Operative Expenses | -                       | 175.23                  |
| Prepaid expenses                     | 295.64                  | 65.27                   |
| <b>Total</b>                         | <b>2,422.21</b>         | <b>2,426.41</b>         |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 15. Share Capital

| Particulars                                                                    | (Amount Rs. in Lakhs) |                 |                    |                 |
|--------------------------------------------------------------------------------|-----------------------|-----------------|--------------------|-----------------|
|                                                                                | As at                 |                 | As at              |                 |
|                                                                                | March 31, 2020        |                 | March 31, 2019     |                 |
|                                                                                | No of Shares          | Rs.             | No of Shares       | Rs.             |
| <b>Authorised</b>                                                              |                       |                 |                    |                 |
| Equity Shares of Rs.10/- each                                                  | 2,50,00,000           | 2,500.00        | 2,50,00,000        | 2,500.00        |
| Optionally Convertible Preference Shares of Rs.100/- each.                     | 5,00,000              | 500.00          | 5,00,000           | 500.00          |
| Fully Reedemable Cummulative Preference Shares of Rs.100/- each                | 20,00,000             | 2,000.00        | 20,00,000          | 2,000.00        |
|                                                                                |                       | <b>5,000.00</b> |                    | <b>5,000.00</b> |
| <b>Issued, Subscribed and Fully Paid up</b>                                    |                       |                 |                    |                 |
| Equity Shares of Rs.10/- each fully paid-up                                    | 2,33,34,606           | 2,333.46        | 2,00,78,793        | 2,007.88        |
| Optionally Convertible Preference Shares of Rs.100/- each**                    | -                     | -               |                    |                 |
| Fully Reedemable Cummulative Preference Shares of Rs.100/- each fully paidup** |                       |                 |                    |                 |
|                                                                                | <b>2,33,34,606</b>    | <b>2,333.46</b> | <b>2,00,78,793</b> | <b>2,007.88</b> |

\*\* On transition to IndAS as per IndAs-109 the same has been considered under Long Term Borrowings.

## 15.1 The reconciliation of the number of shares outstanding is set out below:-

| Particulars                                            | (Amount Rs. in Lakhs) |                 |                    |                 |
|--------------------------------------------------------|-----------------------|-----------------|--------------------|-----------------|
|                                                        | As at                 |                 | As at              |                 |
|                                                        | March 31, 2020        |                 | March 31, 2019     |                 |
|                                                        | No of Shares          | Rs.             | No of Shares       | Rs.             |
| At the beginning of the year                           |                       |                 |                    |                 |
| Equity Shares outstanding at the beginning of the year | 2,00,78,793           | 2,007.88        | 2,00,00,000        | 2,000.00        |
| Add: Issued during the year                            |                       |                 |                    |                 |
| Conversion of OCPS to Equity                           | -                     | -               | 78,793             | 7.88            |
| Equity shares allotted                                 | 32,55,813             | 325.58          | -                  | -               |
| At the end of the year                                 |                       |                 |                    |                 |
| Equity Shares outstanding at the end of the year       | <b>2,33,34,606</b>    | <b>2,333.46</b> | <b>2,00,78,793</b> | <b>2,007.88</b> |

## 15.2 a Rights, Preferences & Restriction of each class of shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each Shareholder is eligible for one vote per share.

During the year the company issued 32,55,813 equity shares of Rs 10/- each at a premium of Rs @ 205/- per share in the successful Initial Public Offers and listed on BSE and NSE stock exchanges on May 8, 2019

- (b) The Company has allotted 20,00,000 & 1,55,00,000 Bonus Equity shares in financial year 2012-13 & 2015-16 respectively. The Company has allotted Bonus Equity shares in the proportion of 4 equity shares for every 5 equity shares held (FY 2012-13) & 62 fully paid equity shares for every 18 equity shares held (FY 2015-16). The face value of bonus shares of Rs.2,00,00,000 & Rs.15,50,00,000 allotted out of reserves and surplus.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 15.3 Details of Equity shares held by each equity shareholder holding more than 5% shares:

| Class of Shares / Name of Shareholder      | For the period ended<br>March 31, 2020 |                                         | As at<br>March 31, 2019  |                                         |
|--------------------------------------------|----------------------------------------|-----------------------------------------|--------------------------|-----------------------------------------|
|                                            | Number of<br>shares held               | % holding in<br>that class of<br>shares | Number of<br>shares held | % holding in<br>that class of<br>shares |
| <b>Equity shares with Voting Rights</b>    |                                        |                                         |                          |                                         |
| Mr. Haridas T. Kanani                      | 1,23,00,080                            | 52.71%                                  | 1,39,99,680              | 69.72%                                  |
| Mrs. Beena H Kanani                        | 10,26,311                              | 4.40%                                   | 22,26,711                | 11.09%                                  |
| Dr. Harin H Kanani                         | 20,00,000                              | 8.57%                                   | 20,00,000                | 9.96%                                   |
| SBI Mutual Fund under its various Schemes  | 15,33,148                              | 6.57%                                   |                          |                                         |
| Axis Mutual Fund under its various schemes | 11,67,749                              | 5.00%                                   |                          |                                         |

## 16. Other Equity

| Particulars                                              | (Rs. in Lakhs)          |                         |
|----------------------------------------------------------|-------------------------|-------------------------|
|                                                          | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
| General Reserve                                          | 349.62                  | 124.62                  |
| Retained Earnings (including other comprehensive income) | 6,176.19                | 3,797.32                |
| Capital Redemption Reserve-FRCPS                         |                         | 225.00                  |
| Securities Premium                                       | 6,044.90                | 144.87                  |
| Capital Reserve on Business Combination                  | 720.38                  | 720.38                  |
| <b>Total</b>                                             | <b>13,291.09</b>        | <b>5,012.19</b>         |
| <b>General Reserve</b>                                   |                         |                         |
| Opening balance                                          | 124.62                  | 89.95                   |
| Add: Additional during the year                          | 225.00                  | 34.67                   |
| <b>Closing balance</b>                                   | <b>349.62</b>           | <b>124.62</b>           |
| <b>Statement of P&amp;L</b>                              |                         |                         |
| Opening balance                                          | 3,797.32                | 2,046.50                |
| Add: Profit/(loss) for the year                          | 2,865.65                | 2,094.69                |
| Other comprehensive income /(loss) (net of taxes)        | (52.59)                 | 10.20                   |
| <b>Less:</b>                                             |                         |                         |
| Transferred to CRR-FRCPS                                 | -                       | 75.00                   |
| Dividend on Equity Shares                                | 350.02                  | 200.00                  |
| Tax on Interim/Proposed dividend paid during the year    | 80.15                   | 41.24                   |
| Others                                                   | 4.02                    | 37.83                   |
| <b>Closing balance</b>                                   | <b>6,176.19</b>         | <b>3,797.32</b>         |
| <b>Capital Redemption Reserve-FRCPS</b>                  |                         |                         |
| Opening balance                                          | 225.00                  | 150.00                  |
| Add: Transferred from Profit/(loss) for the year         |                         | 75.00                   |
| Less : Transferred to General Reserves                   | 225.00                  |                         |
| <b>Closing balance</b>                                   | <b>-</b>                | <b>225.00</b>           |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

(Rs. in Lakhs)

| Particulars                                      | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--------------------------------------------------|-------------------------|-------------------------|
| <b>Capital Redemption Reserve-OCPS</b>           |                         |                         |
| Opening balance                                  | -                       | 34.67                   |
| Add: Transferred from Profit/(loss) for the year |                         | -                       |
| Less: Transferred to General Reserve             |                         | (34.67)                 |
| <b>Closing balance</b>                           | <b>-</b>                | <b>-</b>                |
| <b>Securities Premium</b>                        |                         |                         |
| Opening balance                                  | 144.87                  | -                       |
| Add: during the year                             | 5,900.03                | 144.87                  |
| <b>Closing balance</b>                           | <b>6,044.90</b>         | <b>144.87</b>           |

| Nature                                                  | Purposes of other Reserves                                                                                                                                                                     |
|---------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| General Reserve<br>Statement of P&L [Surplus/(Deficit)] | This represents accumulated free reserves of the company<br>All the profit or losses made by the company are transferred to statement of P & L from consolidated statement of profit & losses. |
| Capital Redemption Reserve-FRCPS                        | This reserve represents provision made out of current year profit for the purpose of redemption of fully redeemable preference shares.                                                         |
| Capital Reserve on Business Combination                 | This represents the capital reserve on account of business combination purchase of unit of Solaris Chemtech Industries Ltd.                                                                    |
| Securities Premium                                      | Securities premium account is created when shares are issued at a premium. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013                            |

## 17. Borrowings

(Rs. in Lakhs)

| Particulars                                             | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---------------------------------------------------------|-------------------------|-------------------------|
| <b>Secured (at amortised cost)</b>                      |                         |                         |
| Term loans from Banks and Financial Institutions*       | 3,035.63                | 3,774.67                |
| <b>Unsecured</b>                                        |                         |                         |
| - Deposits from Inter Corporate companies               | -                       | 110.00                  |
| - Debt component for Fully Redeemable Preference Shares | -                       | 1,174.73                |
| <b>Total</b>                                            | <b>3,035.63</b>         | <b>5,059.40</b>         |

\*Refer Note 38 for Company's exposure to liquidity risk and interest rate risk

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

17a.

(Rs. in Lakhs)

| Particulars                                   | As at<br>March 31, 2020 |                  | As at<br>March 31, 2019 |                 |
|-----------------------------------------------|-------------------------|------------------|-------------------------|-----------------|
|                                               | Non - current           | Current          | Non - current           | Current         |
| <b>Secured loans</b>                          |                         |                  |                         |                 |
| Term Loan                                     | 3,035.63                | 482.67           | 3,774.67                | 422.67          |
| Working Capital                               | -                       | 10,193.89        | -                       | 6,516.57        |
| <b>Unsecured loans</b>                        |                         |                  |                         |                 |
| Inter-corporate Deposits                      |                         |                  | 110.00                  | -               |
| Fully Reedemable Cumulative Preference Shares | -                       | -                | 1,174.73                | -               |
| <b>Total</b>                                  | <b>3,035.63</b>         | <b>10,676.56</b> | <b>5,059.40</b>         | <b>6,939.24</b> |

| As at<br>March 31, 2020 |         | As at<br>March 31, 2019 |         | Terms of Repayments                                                                    | Security                                                                                                                           |
|-------------------------|---------|-------------------------|---------|----------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Non - current           | Current | Non - current           | Current |                                                                                        |                                                                                                                                    |
| 3,035.63                | 482.67  | 3,774.67                | 422.67  | Instalments of 1-3 years Rs.1,427.28, 3-5 years 1,362.83 and more than 5 yrs Rs.245.32 | Pari passu first charge on all immovable properties and movable assets both present and future located at Mahape, Karakhadi, Dahej |

(Rs. in Lakhs)

| Particulars                                | As at<br>March 31, 2020 |                  | As at<br>March 31, 2019 |                 |
|--------------------------------------------|-------------------------|------------------|-------------------------|-----------------|
|                                            |                         |                  |                         |                 |
| Working capital loans from banks (secured) |                         |                  |                         |                 |
| Rupee loan                                 |                         | 9,428.67         |                         | 6,466.94        |
| Foreign currency loan                      |                         | 765.22           |                         | 49.63           |
| <b>Total</b>                               |                         | <b>10,193.89</b> |                         | <b>6,516.57</b> |

Working capital loans of Rs 10,193.89 (as at March 31, 2019 Rs. 6,516.57) are secured by:

- Pari passu first charge by way of hypothecation of stocks of raw materials, finished goods, work-in-process, consumables (stores and spares) and book debts / receivables of the Company, both present and future.
- Pari passu second charge on movable properties and immovable properties forming part of the fixed/blocked assets of the Company, both present and future except such properties as may be specifically excluded.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 18. Other Non - Current Financials Liabilities

(Rs. in Lakhs)

| Particulars                                    | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|------------------------------------------------|-------------------------|-------------------------|
| Retention Money (measured at amortised cost)   | 200.00                  | 200.00                  |
| Measured at Fair Value through profit and loss | -                       | -                       |
| Lease Liability*                               | 718.78                  | -                       |
| <b>Total</b>                                   | <b>918.78</b>           | <b>200.00</b>           |

\*The Company has adopted modified retrospective approach as per IND AS 116-Lease, effective from annual reporting period beginning April 1, 2019. This has resulted in recognising right of use assets and corresponding lease liability of Rs. 718.78 lacs and Rs. 650.33 lacs as at March 31, 2020, in the Consolidated balance sheet respectively. In the statement of Profit and Loss for the current period, operating lease expenses has changed from rent to depreciation cost for the right of use assets and finance cost for interest accrued on lease liability. Due to this change current year's profit before tax is lower by Rs. 68.45 Lakhs in Standalone results. Also refer note 4 (b) for impact due to change in accounting policies by adopting IndAS-116 as compared to previous year.

## 19. Long-term provisions

Provision for employee benefits (Refer Note 37)

(Rs. in Lakhs)

| Particulars          | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|----------------------|-------------------------|-------------------------|
| Gratuity             | 216.07                  | 105.84                  |
| Compensated Absences | 141.52                  | 96.43                   |
| <b>Total</b>         | <b>357.59</b>           | <b>202.27</b>           |

## 20. Deferred Tax Liabilities (Net)\*

(Rs. in Lakhs)

| Particulars                                                          | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|----------------------------------------------------------------------|-------------------------|-------------------------|
| Tax effect of items constituting deferred tax (assets) / liabilities |                         |                         |
| Provision for employee benefits                                      | (54.12)                 | (79.89)                 |
| Long term borrowing                                                  | (26.40)                 | (36.68)                 |
| Property, Plant & Equipment                                          | 642.33                  | 604.45                  |
| <b>Total</b>                                                         | <b>561.81</b>           | <b>487.88</b>           |

\*Inclusive of Other comprehensive Income Tax

## 21. Current financial liabilities - Borrowings

(Rs. in Lakhs)

| Particulars                          | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--------------------------------------|-------------------------|-------------------------|
| <b>Secured (at amortised cost) *</b> |                         |                         |
| - Loans repayable on demand -Banks   | 7,905.50                | 5,910.74                |
| - Cash credit facilities             | 2,288.39                | 605.83                  |
| <b>Total</b>                         | <b>10,193.89</b>        | <b>6,516.57</b>         |

\* Refer Note 38 for Company's exposure to liquidity risk and interest rate risk

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 22. Trade payables

(Rs. in Lakhs)

| Particulars                          | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--------------------------------------|-------------------------|-------------------------|
| Micro, Small and Medium Enterprises* | 89.38                   | 22.97                   |
| Trade payables*                      | 3,495.73                | 4,258.90                |
| <b>Total</b>                         | <b>3,585.11</b>         | <b>4,281.87</b>         |

\*The Company has compiled list of suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006 on the basis of confirmation received from parties. Based on current information/confirmations available with the company, there are no overdues payable to suppliers who are registered under the relevant Act as at March 31, 2019 & March 31, 2020

## 23. Current - Other financial liabilities (measured at Amortised Cost)

(Rs. in Lakhs)

| Particulars                                     | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------------------------------|-------------------------|-------------------------|
| Current maturities of long-term debt - Secured* | 482.67                  | 422.67                  |
| Others payables                                 | 205.92                  | 92.26                   |
| Salary payable                                  | 95.13                   | 65.09                   |
| Other Deposits                                  | 1.50                    | 1.00                    |
| Measured at Fair Value through profit and loss  |                         |                         |
| Derivative Liability for Forwards Contracts     | 219.33                  | 2.88                    |
| <b>Total</b>                                    | <b>1,004.55</b>         | <b>583.90</b>           |

\* Refer Note 38 for Company's exposure to liquidity risk and interest rate risk

## 24. Other current liabilities

(Rs. in Lakhs)

| Particulars                                             | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---------------------------------------------------------|-------------------------|-------------------------|
| Statutory dues payables (includes TDS, PF, WCT, Others) | 45.21                   | 47.57                   |
| Provision for taxation (net of advance tax)             | 13.10                   | 134.11                  |
| <b>Total</b>                                            | <b>58.31</b>            | <b>181.68</b>           |

## 25. Short-term provisions

Provision for employee benefits-(Refer Note 37)

(Rs. in Lakhs)

| Particulars          | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|----------------------|-------------------------|-------------------------|
| Gratuity             | 106.75                  | 66.09                   |
| Compensated Absences | 38.04                   | 43.99                   |
| <b>Total</b>         | <b>144.79</b>           | <b>110.08</b>           |



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 26. Revenue from operations

| (Rs. in Lakhs)                                                    |                                      |                                      |
|-------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Particulars                                                       | For the Year Ended<br>March 31, 2020 | For the Year Ended<br>March 31, 2019 |
| <b>Sale of products Comprises Manufactured goods of Chemicals</b> |                                      |                                      |
| Sales                                                             | 33,512.93                            | 24,079.80                            |
| Less : GST Recovered                                              | 4,147.48                             | 1,648.75                             |
| Net Sales (excluding GST)                                         | <b>29,365.45</b>                     | <b>22,431.05</b>                     |
| <b>Other Operating Revenue</b>                                    | 1,246.72                             | 1,474.77                             |
| <b>Total</b>                                                      | <b>30,612.17</b>                     | <b>23,905.82</b>                     |

## 27. Other Income

| (Rs. in Lakhs)                                             |                                      |                                      |
|------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Particulars                                                | For the Year Ended<br>March 31, 2020 | For the Year Ended<br>March 31, 2019 |
| Interest income                                            | 9.77                                 | 10.71                                |
| <b>Other Non Operating Income:</b>                         |                                      |                                      |
| Others                                                     | 0.15                                 | 18.57                                |
| Fair Value Gain on Derivative Contract (Preference Shares) | -                                    | 21.42                                |
| <b>Total</b>                                               | <b>9.92</b>                          | <b>50.70</b>                         |

## 28. Cost of Materials Consumed

| (Rs. in Lakhs)                       |                                      |                                      |
|--------------------------------------|--------------------------------------|--------------------------------------|
| Particulars                          | For the Year Ended<br>March 31, 2020 | For the Year Ended<br>March 31, 2019 |
| Opening stock                        | 1,339.29                             | 987.00                               |
| Purchases                            | 24,082.24                            | 16,317.57                            |
|                                      | <b>25,421.53</b>                     | <b>17,304.57</b>                     |
| Less: Closing stock                  | 2,650.57                             | 1,339.29                             |
| <b>Cost of raw material consumed</b> | <b>22,770.96</b>                     | <b>15,965.28</b>                     |

## 29. Changes in inventories of finished goods and work in progress

| (Rs. in Lakhs)                                                       |                                      |                                      |
|----------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Particulars                                                          | For the Year Ended<br>March 31, 2020 | For the Year Ended<br>March 31, 2019 |
| <b>Opening Stock :</b>                                               |                                      |                                      |
| Finished Goods                                                       | 933.34                               | 774.84                               |
| Work-in-Process                                                      | 4,821.40                             | 3,083.79                             |
| Less:                                                                |                                      |                                      |
| <b>Closing Stock:</b>                                                |                                      |                                      |
| Finished Goods                                                       | 2,291.71                             | 933.34                               |
| Work-in-Process                                                      | 7,824.26                             | 4,821.40                             |
| <b>Changes In Inventories:</b>                                       |                                      |                                      |
| Finished goods                                                       | (1,358.37)                           | (158.50)                             |
| Work-in-Process                                                      | (3,002.86)                           | (1,737.61)                           |
| <b>Changes in inventories of finished goods and work in progress</b> | <b>(4,361.23)</b>                    | <b>(1,896.11)</b>                    |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 30. Employee benefits expense

| (Rs. in Lakhs)                                            |                                      |                                      |
|-----------------------------------------------------------|--------------------------------------|--------------------------------------|
| Particulars                                               | For the Year Ended<br>March 31, 2020 | For the Year Ended<br>March 31, 2019 |
| Salaries, wages and bonus                                 | 1,335.90                             | 894.93                               |
| Contribution to provident and other funds (refer note 37) | 317.80                               | 165.75                               |
| Staff welfare                                             | 71.04                                | 54.75                                |
| <b>Total</b>                                              | <b>1,724.74</b>                      | <b>1,115.43</b>                      |

## 31. Finance costs

| (Rs. in Lakhs)                      |                                      |                                      |
|-------------------------------------|--------------------------------------|--------------------------------------|
| Particulars                         | For the Year Ended<br>March 31, 2020 | For the Year Ended<br>March 31, 2019 |
| Interest expenses on borrowings     | 1,095.67                             | 924.72                               |
| Other finance cost and bank charges | 96.84                                | 69.02                                |
| Interest cost on FRCPS and OCPS     | -                                    | 200.04                               |
| <b>Total</b>                        | <b>1,192.51</b>                      | <b>1,193.78</b>                      |

## 32. Other expenses

| (Rs. in Lakhs)                                  |                                      |                                      |
|-------------------------------------------------|--------------------------------------|--------------------------------------|
| Particulars                                     | For the Year Ended<br>March 31, 2020 | For the Year Ended<br>March 31, 2019 |
| <b>PRODUCTION EXPENSES</b>                      |                                      |                                      |
| Conversion Charges                              | 391.27                               | 366.33                               |
| Contract Labour charges                         | 399.86                               | 319.79                               |
| Fuel & Power                                    | 897.33                               | 763.99                               |
| Quality Control Expenses                        | 188.83                               | 160.57                               |
| Research and Development Expenses               | 204.13                               | 140.14                               |
| Consumption of Packing Material                 | 339.56                               | 293.00                               |
| Other Production Expenses                       | 967.56                               | 975.18                               |
| <b>MARKETING EXPENSES</b>                       |                                      |                                      |
| Exhibition Expenses                             | 175.88                               | 259.35                               |
| Other Marketing Expenses                        | 87.12                                | 50.11                                |
| <b>SELLING &amp; DISTRIBUTION EXPENSES</b>      |                                      |                                      |
| Clearing Charges                                | 55.92                                | 64.06                                |
| Sea & Air Freight (Export) Expenses             | 103.38                               | 328.52                               |
| Other Selling & Distribution Exp                | 97.81                                | 92.14                                |
| <b>ADMINISTRATIVE EXPENSES</b>                  |                                      |                                      |
| Professional Fees                               | 337.25                               | 268.03                               |
| Miscellaneous Expenses                          | 28.06                                | 11.18                                |
| Other Admin Expenses                            | 359.16                               | 218.25                               |
| CSR Expenses                                    | 39.37                                | 27.25                                |
| Transaction cost pertaining to FRCPS Derivative | -                                    | 21.42                                |
| Fair Value Loss pertaining to OCPS Derivative   | -                                    | 20.01                                |
| <b>Total</b>                                    | <b>4,672.49</b>                      | <b>4,379.32</b>                      |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

| (Rs. in Lakhs)                                                                  |                                      |                                      |
|---------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Particulars                                                                     | For the Year Ended<br>March 31, 2020 | For the Year Ended<br>March 31, 2019 |
| Payment to auditors(excluding applicable taxes) (included in professional fees) |                                      |                                      |
| Audit Fees and Limited Review                                                   | 8.00                                 | 5.00                                 |
| Tax Audit Fees                                                                  | 3.00                                 | 1.00                                 |
| Other Fees                                                                      | 1.00                                 | -                                    |
| <b>Total</b>                                                                    | <b>12.00</b>                         | <b>6.00</b>                          |

## 33. Other comprehensive income

| (Rs. in Lakhs)                                                                    |                                      |                                      |
|-----------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Particulars                                                                       | For the Year Ended<br>March 31, 2020 | For the Year Ended<br>March 31, 2019 |
| Items that will not be reclassified to profit or loss                             |                                      |                                      |
| (i) Remeasurements of the defined benefit plans (net of tax)                      | (74.20)                              | 14.39                                |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | 21.61                                | (4.19)                               |
| <b>Total</b>                                                                      | <b>(52.59)</b>                       | <b>10.20</b>                         |

## 34. Earnings per Share

| (Rs. in Lakhs)                                                                                          |                         |                         |
|---------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Particulars                                                                                             | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
| Profit attributable to equity shareholders*                                                             | 2,865.65                | 2,094.69                |
| Weighted average number of equity shares for calculation of basic and diluted earnings per share (Nos.) | 2,33,34,606             | 2,00,78,793             |
| Nominal value per share (INR)                                                                           | 10                      | 10                      |
| Earnings per share (face value of INR 10)                                                               |                         |                         |
| Basic                                                                                                   | 12.28                   | 10.43                   |
| Diluted                                                                                                 | 12.28                   | 10.43                   |

\*Profit figures are Rs. in lakhs

## 35. Contingent Liabilities and Commitments

| (Rs. in Lakhs)                                                                                                    |                         |                         |
|-------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Particulars                                                                                                       | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
| (I) Contingent Liabilities                                                                                        |                         |                         |
| a. Contingent liability for Letters of Credit issued by the Bank and Bank Guarantee for Excise, Customs etc.      |                         |                         |
| (i) Letter of credit / Bank Guarantee                                                                             | 162.00                  | 74.69                   |
| (ii) Bill discounted / Cheques purchased                                                                          | 42.22                   | 743.32                  |
| b. Contingent Liability towards NMMC Cess/LBT                                                                     | -                       | 16.01                   |
| <b>Total</b>                                                                                                      | <b>204.22</b>           | <b>834.02</b>           |
| (II) Capital Commitments                                                                                          |                         |                         |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances). | 915.32                  | 83.07                   |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 36. Related Party Transaction

### (A) Relationships :

In accordance with the requirements of Indian Accounting Standard (IndAS-24) on related party disclosures where control exist and where transactions have taken place and description of the relationship as identified and certified by management are as follows:

#### (a) Where Joint control exists :

Dhara Fine Chem Industries (Partnership Firm in which Company is holding 90% Share)

#### (b) Key Management Personnel :

| Particulars              | Designation                                | Original Date of Appointment |
|--------------------------|--------------------------------------------|------------------------------|
| Mr. Haridas Kanani       | Chairman and Managing Director             | 07-03-1989                   |
| Dr. Harin Kanani         | Managing Director                          | 15-07-2013                   |
| Mr. Shyamsunder Upadhyay | Executive Director                         | 27-07-2015                   |
| Mr. Anurag Surana        | Non-Executive and Non-Independent Director | 15-05-2017                   |
| Mr. Sanjay Mehta         | Independent Director                       | 25-09-2012                   |
| Mr. Hitesh Reshamwala    | Independent Director                       | 15-09-2014                   |
| Prof. Ranjan Kumar Malik | Independent Director                       | 06-10-2018                   |
| Mrs. Avi Sabavala        | Independent Director                       | 06-10-2018                   |

#### (c) Relatives of key management personnel and their enterprises, where transaction have taken place.

| Particulars                     | Name of Interested Director |
|---------------------------------|-----------------------------|
| Kagashin Global Network (P) Ltd | Mr. Anurag Surana           |

#### (d) Other Related Parties :

Nil

### (B) Transactions with related parties :

| Particulars                     | (Rs. in Lakhs) |                |
|---------------------------------|----------------|----------------|
|                                 | March 31, 2020 | March 31, 2019 |
| <b>Expenses</b>                 |                |                |
| <b>Professional Fees</b>        |                |                |
| Kagashin Global Network (P) Ltd | 84.00          | 42.00          |
| <b>Sitting Fees</b>             |                |                |
| Mr. Sanjay Mehta                | 1.95           | 0.60           |
| Mr. Hitesh Reshamwala           | 2.50           | 1.20           |
| Prof. Ranjan Kumar Malik        | 1.45           | 1.00           |
| Mrs. Avi Sabavala               | 1.55           | 0.50           |
| <b>Salary</b>                   |                |                |
| Mr. Haridas Kanani              | 52.18          | 45.87          |
| Dr. Harin Kanani                | 46.99          | 41.27          |
| Mr. Shyamsunder Upadhyay        | 46.70          | 39.55          |
| <b>Lease Rent</b>               |                |                |
| Mr. Haridas Kanani              | -              | 9.00           |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 37. Employee Benefit Expenses

### i. Defined Contribution Plan

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Statutory Provident Fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions.

(Rs. in Lakhs)

| Description                                                                                               | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-----------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>The Company has recognised the following amounts in the Statement of Profit and Loss for the year:</b> |                         |                         |
| Employers' Contribution to Provident Fund                                                                 | 86.04                   | 60.82                   |
| Employers' Contribution to Employees' Pension Scheme, 1995                                                | 27.98                   | 22.11                   |
| <b>Total</b>                                                                                              | <b>114.02</b>           | <b>82.93</b>            |

### ii. Defined Benefit Plan

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

#### Gratuity Plan:

#### (a) Asset/(Liability) recognised in Standalone statement of assets and liabilities

(Rs. in Lakhs)

| Description                                                                                             | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Present value of obligation at end of the year                                                          | (381.12)                | (270.83)                |
| Fair value of Plan Assets                                                                               | 58.31                   | 61.93                   |
| <b>Net assets/(liability) recognised in Standalone statement of assets and liabilities as provision</b> | <b>(322.81)</b>         | <b>(208.90)</b>         |

#### (b) Amount recognised in the Standalone statement of profit and loss is as under:

(Rs. in Lakhs)

| Description                                       | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---------------------------------------------------|-------------------------|-------------------------|
| Current Service Cost                              | 23.63                   | 16.39                   |
| Net Interest Cost                                 | 16.27                   | 11.75                   |
| <b>Expense Recognised in the Income Statement</b> | <b>39.90</b>            | <b>28.14</b>            |

#### (c) Amount recognised in other comprehensive income as under:

(Rs. in Lakhs)

| Description                                                      | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|------------------------------------------------------------------|-------------------------|-------------------------|
| Actuarial (Gain)/Loss for the year on defined benefit obligation | 74.20                   | 27.71                   |
| Actuarial (Gain)/Loss for the year on plan assets                | 3.31                    | 2.48                    |
| <b>Net (Income)/Expense Recognised in the Income Statement</b>   | <b>77.51</b>            | <b>30.19</b>            |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

(d) Movement in liability recognised in the Standalone statement of assets and liabilities as under:

(Rs. in Lakhs)

| Description                                                             | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------------------------------------------------------|-------------------------|-------------------------|
| Present Value of defined benefit obligation as at the start of the year | 270.83                  | 230.53                  |
| Current Service Cost                                                    | 23.63                   | 16.39                   |
| Interest Cost                                                           | 21.10                   | 17.82                   |
| Actuarial loss/(gain) recognised during the year                        | 74.20                   | 27.71                   |
| Benefits paid                                                           | (8.64)                  | (21.62)                 |
| Past Service Cost including curtailment Gain/Losses                     |                         |                         |
| Present Value of defined benefit obligation as at the end of the year   | 381.12                  | 270.83                  |

(e) Movement in plan assets recognised in the Standalone statement of assets and liabilities as under:

(Rs. in Lakhs)

| Description                                             | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---------------------------------------------------------|-------------------------|-------------------------|
| Fair Value of plan assets at beginning of year          | 61.93                   | 78.45                   |
| Interest Income                                         | 4.82                    | 6.06                    |
| Expected return on plan assets - %                      | 6.89%                   | 7.79%                   |
| Employer's Contribution                                 | 3.50                    | 1.52                    |
| Benefits Paid                                           | (8.64)                  | (21.62)                 |
| Actuarial (Gain)/Loss on plan asset                     | (3.31)                  | (2.48)                  |
| Fair Value of plan assets at end of year                | 58.31                   | 61.93                   |
| Actual Return on Plan assets, Excluding Interest Income | (3.31)                  | (2.48)                  |

(f) Breakup of Actuarial (Gain)/Loss on Defined Benefit Obligation:

(Rs. in Lakhs)

| Description                                                            | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|------------------------------------------------------------------------|-------------------------|-------------------------|
| Actuarial (Gain)/Loss on arising from change in demographic assumption |                         |                         |
| Actuarial (Gain)/Loss on arising from change in financial assumption   | 44.95                   | (1.15)                  |
| Actuarial (Gain)/Loss on arising from change in experience adjustments | 29.25                   | 28.87                   |
| Total Actuarial (Gain)/Loss                                            | 74.20                   | 27.72                   |

(g) Actuarial Assumption:

(Rs. in Lakhs)

| Description                                                   | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---------------------------------------------------------------|-------------------------|-------------------------|
| Expected Return on Plan Assets                                | 6.89%                   | 7.79%                   |
| Discount Rate                                                 | 6.89%                   | 7.79%                   |
| Future Salary Increase                                        | 6.00%                   | 5.00%                   |
| Rate of Employee Turnover                                     | 2.00%                   | 2.00%                   |
| Expected Average remaining working lives of employees (years) | 15                      | 15                      |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

**(h) Sensitivity analysis for gratuity liability:**

(Rs. in Lakhs)

| Description                                        | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|----------------------------------------------------|-------------------------|-------------------------|
| <b>Impact of the change in discount rate</b>       |                         |                         |
| Present value of obligation at the end of the year | 381.12                  | 270.83                  |
| - Impact due to increase of 1 %                    | (26.73)                 | (17.96)                 |
| - Impact due to decrease of 1 %                    | 30.88                   | 20.44                   |
| <b>Impact of the change in Salary increase</b>     |                         |                         |
| Present value of obligation at the end of the year | 381.12                  | 270.83                  |
| - Impact due to increase of 1 %                    | 26.08                   | 17.31                   |
| - Impact due to decrease of 1 %                    | (23.36)                 | (16.27)                 |
| <b>Impact of the change in Employee Turnover</b>   |                         |                         |
| Present value of obligation at the end of the year | 381.12                  | 270.83                  |
| - Impact due to increase of 1 %                    | 2.81                    | 4.70                    |
| - Impact due to decrease of 1 %                    | (3.20)                  | (5.24)                  |

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 the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the 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 benefit 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) Maturity Profile of defined benefit obligation: (from the fund)**

(Rs. in Lakhs)

| Description           | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-----------------------|-------------------------|-------------------------|
| Within next 12 months | 70.01                   | 16.90                   |
| Between 1-5 years     | 88.57                   | 112.02                  |
| Beyond 5 years        | 584.43                  | 419.79                  |

**(j) Category of Plan Assets:**

(Rs. in Lakhs)

| Description    | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|----------------|-------------------------|-------------------------|
| Insurance Fund | 58.31                   | 61.93                   |
|                | [15.30%]                | [22.87%]                |
| <b>Total</b>   | <b>58.31</b>            | <b>61.93</b>            |



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

## (iii) Other long-term employee benefits

### *Compensated Absences:*

Provision in respect of leave encashment benefits has been made based on actuarial valuation carried out by an independent actuary at the Balance sheet date using Projected Unit Credit method. During the year following is recognised as expense in statement of profit & loss a/c.

| Description                                            | (Rs. in Lakhs)          |                         |
|--------------------------------------------------------|-------------------------|-------------------------|
|                                                        | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
| Expense/(Income) to be recognised in Profit & Loss A/c | 39.90                   | 28.14                   |
| <b>Total</b>                                           | <b>39.90</b>            | <b>28.14</b>            |

## 38. Financial Risk Management Framework

### A Capital Market

For the purpose of the entity's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the company. The primary objective of the entity's capital management is to maximise the shareholder value. The entity manages its capital structure and make adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the entity may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The entity monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The entity's policy is to keep an optimum gearing ratio.

### B Financial Risk Management

The Company's activities primarily expose it to various risks such as Market Risks, Credit Risk and Liquidity Risk. Those are explained below:

#### i) Market Risk

Market Risks arise due to Changes in Interest rates, Foreign Exchange rates and changes in Market prices. These are explained below:

##### Interest Rate Risks

The Company borrows funds in Indian Rupees, to meet short term funding requirements. Interest on Short term borrowings is subject to floating interest rate and are repriced regularly and hence the Company is exposed to Interest rate risks. However, since the borrowings are not significant, the Company does not see any major risk.

If the interest rates had been 1% higher / lower and all other variables held constant, impact on the Company's profit for the year ended March 31, 2020 will not be significant.

##### Foreign Currency Risks

The entity has international transaction and is expected to foreign currency risk arising from foreign currency transaction (Exports & Imports)

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

The company as per its overall strategy uses forward contracts and swap to mitigate its risks associated with fluctuations in foreign currency and such contracts are not designated as hedge under IndAS-109.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

## a Exposure in foreign currency - Unhedged

The Company enters into forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any Derivative Instruments for trading and Speculation purposes.

The foreign currency outstanding balances that have not been hedged by any derivative instrument or otherwise on balance sheet date is as under:

| Particulars | Nature of Foreign currency | As at 31-Mar-20         |            | As at 31-Mar-19         |            |
|-------------|----------------------------|-------------------------|------------|-------------------------|------------|
|             |                            | Amt in foreign currency | Amt in INR | Amt in foreign currency | Amt in INR |
| Assets      | USD                        | -                       | -          | -                       | -          |
|             | EURO                       | -                       | -          | -                       | -          |
| Liabilities | USD                        | -                       | -          | -                       | -          |

## Currency Risk

The company is exposed to the exchange rate risk as a significant portion of our revenues and expenditure are denominated in foreign currencies. We import certain raw materials the price of which we are required to pay in foreign currency, which is mostly the U.S Dollar or Euro. Products that we export are paid for in foreign currency, which together acts as natural hedge. Any appreciation/depreciation in the value of the Rupees against U.S dollar, Euro, or other foreign currencies would Increase / decrease the Rupee value of debtors/ creditors. To a certain extent the Company uses foreign exchange forward contracts to minimise the risk.

The carrying amount of the Company's Foreign currency exposure at the end of the reporting periods are as follows:

(Rs. in Lakhs)

| Particulars                                   | Nature of Foreign currency | As at 31-Mar-20         |            | As at 31-Mar-19         |            |
|-----------------------------------------------|----------------------------|-------------------------|------------|-------------------------|------------|
|                                               |                            | Amt in foreign currency | Amt in INR | Amt in foreign currency | Amt in INR |
| Trade Receivables & Other financial assets    | USD                        | 16.65                   | 1,226.53   | 16.03                   | 1,108.56   |
| Trade Receivables & Other financial assets    | EURO                       | 1.16                    | 91.83      | 0.33                    | 25.90      |
| Borrowings                                    | USD                        | 8.87                    | 668.88     | 0.72                    | 49.73      |
| Borrowings                                    | EURO                       | 1.16                    | 96.34      | -                       | -          |
| Trade Payable and other financial liabilities | USD                        | 10.28                   | 743.10     | 10.88                   | 752.56     |
| Trade Payable and other financial liabilities | EURO                       | -                       | -          | -                       | -          |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

| Particulars                                              | As at March 31, 2020                                 | As at March 31, 2019                                 |
|----------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|
|                                                          | Effect on profit<br>before tax /<br>pre - tax equity | Effect on profit<br>before tax /<br>pre - tax equity |
| Trade Receivables & Other financial assets               |                                                      |                                                      |
| Change in USD rate (+/- 0.5%)                            | 90.93                                                | 55.43                                                |
| Change in Euro rate (+/- 0.5%)                           | 4.59                                                 | 1.30                                                 |
| Borrowings Trade Payable and other financial liabilities |                                                      |                                                      |
| Change in USD rate (+/- 0.5%)                            | (103.74)                                             | (40.22)                                              |
| Change in Euro rate (+/- 0.5%)                           | 0.07                                                 | -                                                    |

## Price Risks

The Company does not have much exposure to price risk due to annual contracts and pass through mechanism for imports

## Credit Risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the entity.

The entity's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost.

The entity continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

Credit risk arises from cash and cash equivalents, trade receivables, investments carried at amortised cost and deposits with banks and financial institutions.

None of the financial instruments of the Company result in material concentrations of credit risk. The company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure.

## Liquidity Risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The entity's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the entity's liquidity position and cash and cash equivalents on the basis of expected cash flows. The entity takes into account the liquidity of the market in which the entity operates.

## Exposure to liquidity risk:

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

| Particulars            | Balance as on<br>March 31,<br>2020 | Less than<br>1 year | 1-3 years | 3-5 years | More than<br>5 years |
|------------------------|------------------------------------|---------------------|-----------|-----------|----------------------|
| Long term Borrowings   | 3,035.43                           | -                   | 1,427.28  | 1,362.83  | 245.32               |
| Short term borrowing   | 10,676.56                          | 10,676.56           |           |           |                      |
| Trade Payable          | 3,585.11                           | 3,585.11            |           |           |                      |
| Statutory dues payable | 45.21                              | 45.21               |           |           |                      |
| Other Liabilities      | 196.81                             | 196.81              |           |           |                      |

Short term borrowing includes current maturity of long term borrowing Rs. 482.67 lakhs.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 39. Operating Lease

The Company has taken office premises, factory land under operating lease. These are generally cancellable and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free deposits in accordance with the agreed terms. These Lease have terms of between 1 years to 5 years.

The following rent expenses recognised:

| Year Ended      | March 31, 2020 | March 31, 2019 |
|-----------------|----------------|----------------|
| Within one year | 131.33         | 264.10         |

## 40. Operating Segment Disclosure

The company is in the business of Manufacturing of speciality Chemicals and accordingly has one reportable business segment

### Geographical Information

| Particulars                                  | March 31, 2020   | March 31, 2019   |
|----------------------------------------------|------------------|------------------|
| Revenue from External Customers <b>India</b> | 19,560.38        | 12,227.86        |
| <b>Overseas includes Deemed Export</b>       | 11,051.79        | 11,677.96        |
| <b>Total</b>                                 | <b>30,612.17</b> | <b>23,905.82</b> |

- 41.** (i) Rupees in lakhs are rounded off nearest to two decimals and totals of notes, schedules may vary due to said rounding off.
- (ii) Previous period figures have been regrouped / rearranged/recasted wherever necessary, to conform to current period presentation.

Other notes to Accounts & the accompanying notes are an integral part of Consolidated Financial Statements

As per our report of even date attached

For JMT & Associates  
 Chartered Accountants  
 Firm Registration No. : 104167W

For & behalf of the Board of Directors

**Mr. Sanjay Pichholia**  
 Partner  
 Membership No. : 122651

**Mr. Haridas Kanani**  
 Chairman & Managing Director  
 DIN : 00185487

**Dr. Harin Kanani**  
 Managing Director  
 DIN : 05136947

Place: Thane  
 Date: May 23, 2020

**Mr. Mahesh Tanna**  
 Chief Financial Officer

**Ms. Unnati Kanani**  
 Company Secretary  
 Membership No. : A35131

## NOTICE OF 31<sup>ST</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 31<sup>st</sup> Annual General Meeting of the members of **Neogen Chemicals Limited** will be held on **Monday, September 28, 2020 at 5.00 p.m.** through Video Conferencing ('VC') / Other Audio Visual Means ('OVAM') to transact the following businesses:

### Ordinary Business:

1. To consider and adopt the
  - a. Audited Standalone Financial Statements for the financial year ended March 31, 2020 together with Reports of Directors' & Auditors' thereon; and
  - b. Audited Consolidated Financial Statements for the financial year ended March 31, 2020 together with Report of Auditors' thereon.
2. To declare a final dividend on equity shares of the Company for the financial year ended March 31, 2020.
3. To appoint a Director in place of Dr. Harin Kanani (DIN: 05136947), Managing Director who retires by rotation and being eligible offers himself for re-appointment.

### SPECIAL BUSINESS:

#### 4. RATIFICATION OF REMUNERATION PAYABLE TO COST AUDITOR:

To consider and if thought fit, to pass the following resolution with or without modifications as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 148 (3) 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), the shareholders of the Company hereby ratifies the appointment of Kishore Bhatia & Associates, Cost Accountants, (FRN- 00294), as the Cost Auditors of the Company, who were appointed by the Board of Directors of the Company to verify and review the cost records and conduct audit of the cost records of the Company for the financial year ending on March 31, 2021, at a remuneration of Rs. 2.50 lakhs (Rupees Two lakhs fifty thousand) plus GST as applicable and reimbursement of out of pocket expenses, if any;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, matters and things as may be necessary to give effect to the above resolution."

#### 5. INCREASING THE BORROWING POWERS UNDER SECTION 180(1) (C) OF THE COMPANIES ACT, 2013 UP TO Rs. 25,000 lakhs.

To consider and if thought fit, to pass the following resolution with or without modifications as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of section 180(1)(c) and other applicable provisions, if any of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, and the Articles of Association of the Company, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board) to borrow any sum or sums of money from time to time as it may consider fit for the purpose of the business of the Company from any one or more Banks, Financial Institutions and other Persons, Firms, Bodies Corporate, notwithstanding that the monies to be so borrowed together with monies already borrowed by the Company from the Company's Bankers (apart from the temporary loans obtained or to be obtained from the Company's Bankers' in the ordinary course of business) may at any time exceed the aggregate of the Paid-up Capital of the Company, free reserves and securities premium account, (that is to say, reserves not set apart for any specific purpose), provided, however that the total amount so borrowed by the Company and outstanding at any one time shall not exceed the sum of Rs. 25,000 lakhs (Rupees Twenty five thousand lakhs) and that the Board be and is hereby empowered and authorized to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may, in its absolute discretion, think fit;

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby

authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

**6. CREATION OF SECURITY ON THE PROPERTIES OF THE COMPANY, BOTH PRESENT AND FUTURE, IN FAVOUR OF LENDERS:**

To consider and if thought fit, to pass the following resolution with or without modifications as a **Special Resolution**:

"**RESOLVED THAT** pursuant to the provisions of section 180(1)(a) and other applicable provisions, if any of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, and the Articles of Association of the Company, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board) for creation of charge / mortgage / pledge / hypothecation / security in addition to existing charge / mortgage / pledge / hypothecation / security, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the moveable and / or immovable properties, tangible or intangible assets of the Company, both present and future and / or the whole or any part of the undertaking(s) of the Company, as the case may be in favour of the Lender(s), Agent(s) and Trustee(s) (together "**the Lenders**"), for securing the borrowings availed / to be availed by the Company by way of loan(s) (in foreign currency and / or rupee currency)/ financial assistance or financial indebtedness availed by the Company from time to time, (including without limitation, the due payment of the principal and/or together with interest, at the respective agreed rates, additional interest, compound interest, accumulated interest, liquidated damages, commitment charges, remuneration of the agent(s), trustee(s), prepayment premium, all other costs, charges and expenses and all other monies payable by the Company) (together, the "Financial Indebtedness") in terms of the financing documents, or any other documents, entered into or to be entered into between the

Company and any Lender(s) in respect of the Financial Indebtedness on such terms and conditions as may be agreed between the Company and any Lender(s) provided that the maximum extent of the Financial Indebtedness secured by the assets of the Company does not exceed Rs. 25,000 lakhs (Rupees Twenty five thousand lakhs) at any time as approved under Section 180(1)(c) of the Act;

**RESOLVED FURTHER THAT** the securities to be created by the Company as aforesaid may rank prior / *pari passu* / subservient with / to the mortgages and /or charges already created or to be created in future by the Company or in such other manner and ranking as may be thought expedient by the Board and as may be agreed to between the concerned parties;

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

By order of the Board  
For Neogen Chemicals Limited

**Mr. Haridas Kanani**

Place: Thane  
Date: August 8, 2020

Chairman & Managing Director  
DIN: 00185487

**Notes**

1. Pursuant to the General Circular numbers 20/2020 dated May 5, 2020, 17/2020 dated April 13, 2020, 14/2020 dated April 8, 2020 issued by the Ministry of Corporate Affairs (MCA) and Circular number SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by the Securities and Exchange Board of India (SEBI) (hereinafter collectively referred to as "the Circulars"), companies are allowed to hold Annual General Meeting (AGM) through video conferencing (VC) or OAVM (other Audio Video Means), without the physical presence of members at a common venue. In compliance with the Circulars, the 31<sup>st</sup> AGM of the members of the Company is being held through VC or OAVM. Hence Members can attend and participate in the AGM through VC/OAVM only. The detailed procedure for participating in the meeting through VC/OAVM form part of this notes.



2. In terms of Section 102 of the Companies Act, 2013 and Secretarial Standard on General Meetings, an explanatory statement setting out the material facts concerning special business to be transacted at the AGM is annexed and forms part of this Notice.
3. The requisite information about the Directors seeking appointment/re-appointment is included in the Report on Corporate Governance/Statement annexed to notice as the case may be.
4. Since the AGM will be held through VC in accordance with the Circulars, the route map, proxy form and attendance slip are not attached to this Notice and the facility for appointment of proxies by the members will not be available. Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per section 103 of the Companies Act, 2013 ("the Act").
5. Members who have questions or seeking clarifications on the Annual Report or on the proposals as contained in this Notice are requested to send e-mail to the Company on investor@neogenchem.com on or before 5.00 p.m. on Friday, September 18, 2020 to enable the Company to compile and provide replies at the meeting. The Company will be able to answer only those questions at the meeting which are received in advance as per the above process.
6. The Company will allot time for members to express their views or give comments during the meeting. The members who wish to speak at the meeting need to register themselves as a speaker by sending an e-mail from their registered e-mail ID mentioning their name, DP ID and Client ID / Folio number and mobile number, on e-mail ID, investor@neogenchem.com on or before 5.00 p.m. on Friday, September 18, 2020. Depending on the availability of time, the Company reserves the right to restrict the number of speakers at the meeting.
7. Corporate members are encouraged to attend and vote at the AGM through VC/ OVAM. Corporate members intending to authorize their representatives to participate and vote at the meeting are requested to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorized representative(s) in PDF format in the '**Custodian / Mutual Fund / Corporate Body**' login for the Scrutinizer to verify the same.
8. The Register of Directors & Key Managerial Personnel and their Shareholdings maintained under Section 170 and Register of Contracts and Arrangements in which directors are interested under Section 189 of the Companies Act, 2013 and all the documents referred to in notice, will be available for inspection by the members in electronic mode from the date of circulation of this Notice up to the date of AGM, that is Monday September 28, 2020. Members seeking to inspect such documents can send an email to investor@neogenchem.com on or before Friday, September 18, 2020
9. All communications including Notice of the 31<sup>st</sup> Annual General Meeting, Annual Report and instructions for e-voting, are being sent by electronic mode to all members whose email address are registered with the Company/Depository Participant (s). A copy of the Annual Report will be available on the Company's website <https://neogenchem.com/annual-reports/> and the websites of the Stock Exchanges that is BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and the website of RTA Link Intime India Private Limited at <https://instavote.linkintime.co.in>.
10. At the 30<sup>th</sup> AGM held on September 20, 2019, the Members approved appointment of JMT & Associates, Chartered Accountants (Firm Registration No. 104167W), as Statutory Auditors of the Company to hold office for a further period of five consecutive years from the conclusion of that 30<sup>th</sup> AGM till the conclusion of the 35<sup>th</sup> AGM. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at this 31<sup>st</sup> AGM.
11. The final dividend on equity shares for the FY 2019-20, as recommended by the Board of Directors in its meeting held on Saturday, May 23, 2020, if approved at the AGM, will be paid to those members whose name appears in the Register of Members of the Company as on Friday, September 18, 2020 that is Cut-off date (Record Date), electronically through various online transfer modes to those members who have updated their bank account details. For members who have not updated their bank account details, dividend warrants / demand drafts / cheques



will be sent out to their registered addresses once the postal facility is available and the lockdown is lifted. To avoid delay in receiving the dividend, members are requested to update their KYC along with their Bank Details with their depositories (where shares are held in dematerialized mode) to receive the dividend directly into their bank account on the payout date.

Members may note that the Income Tax Act, 1961, ("the IT Act") as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a company after April 01, 2020 shall be taxable in the hands of members and the company would be required to deduct tax at source (TDS) from the dividend paid to the shareholders. In order to enable us to determine the appropriate TDS rate as applicable, members are requested to submit the following documents in accordance with the provisions of the IT Act.

The rate of TDS as per the Income Tax Act, 1961 (I-T Act), would depend upon the status of the recipient and is explained herein below:

**FOR RESIDENT SHAREHOLDERS**, taxes shall be deducted at source under Section 194 of the IT Act as follows-

|                                    |                                                                    |
|------------------------------------|--------------------------------------------------------------------|
| Members having valid PAN           | *7.5% or as notified by the Government of India                    |
| Members not having PAN / valid PAN | 20% or as notified by the Government of India, whichever is higher |

\*Rate of 7.5% is notified as per CBDT press release dated 14<sup>th</sup> May 2020 for providing reduction in TDS rate by 25%. Earlier TDS rate was 10%

However, no tax shall be deducted on the dividend payable to a resident individual if the total dividend to be received by them during FY 2020-21 does not exceed Rs. 5,000 and also in cases where members provide Form 15G / Form 15H (applicable to individuals aged 60 years or more) subject to conditions specified in the IT Act. Resident shareholders may also submit any other document as prescribed under the IT Act to claim a lower / Nil withholding tax. Registered members may also submit any other document as prescribed under the IT Act to claim a lower / Nil withholding tax. PAN is mandatory for members providing Form 15G / 15H or any other document as mentioned above. The format of Form 15G and Form 15H are available on the website of Link Intime India Private Limited.

**FOR NON-RESIDENT SHAREHOLDERS (other than Foreign Portfolio Investors/ Foreign Institutional Investors)**, taxes are required to be withheld in accordance with the provisions of Section 195 and other applicable sections of the IT Act, at the rates in force. The withholding tax shall be at the rate of 20% (plus applicable surcharge and health and education cess of 4% on dividend income making effective rate of TDS as under:

| Particulars                                                               | Surcharge Rate | Effective TDS rate |
|---------------------------------------------------------------------------|----------------|--------------------|
| Dividend Income not exceeding Rs. 50,00,000                               | Nil            | 20.80%             |
| Dividend Income exceeds Rs. 50,00,000 but does not exceed Rs. 1,00,00,000 | 10%            | 22.88%             |
| Dividend Income exceeding Rs. 1,00,00,000                                 | 15%            | 23.92%             |

In case of shareholders, being foreign companies, the I-T Act provides mandate for withholding tax at the rate of 20% plus applicable surcharge and health and education cess of 4% on dividend income making effective rate of TDS as under:

| Particulars                                                                  | Surcharge Rate | Effective TDS rate |
|------------------------------------------------------------------------------|----------------|--------------------|
| Dividend Income not exceeding Rs. 1,00,00,000                                | Nil            | 20.80%             |
| Dividend Income exceeds Rs. 1,00,00,000 but does not exceed Rs. 10,00,00,000 | 2%             | 21.27%             |
| Dividend Income exceeding Rs. 10,00,00,000                                   | 5%             | 21.84%             |

However, as per Section 90 of the IT Act, non-resident shareholders (including foreign companies) have the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) read with Multilateral Instrument (MLI) provisions between India and the country of tax residence of the member, if they are more beneficial to them. For this purpose, that is to avail the benefits under the DTAA read with Multilateral Instrument (MLI) provisions, non-resident shareholders will have to provide the following documents and self-declarations in the prescribed format (which is available on the website of RTA at <https://www.linkintime.co.in/client-downloads.html>) under the "General TAB"), certifying on the following points:

- Copy of the PAN card allotted by the Indian Income Tax authorities duly attested by the member;

- Copy of Tax Residency Certificate (TRC) for the FY 2020-21 issued by the Tax / Government authority of the country of tax residence, duly attested by member valid for the relevant financial year;
- Self-declaration in Form 10F containing therein information to be provided under section 90(5)/ 90A(5) of the I-T Act, if not so covered in TRC (Valid for the relevant financial year);
- Self-declaration by the shareholder of having no permanent establishment in India in accordance with the applicable tax treaty;
- Self-declaration of beneficial ownership by the non-resident shareholder and that affairs of the shareholder is not arranged with the main or principal purpose of obtaining any tax benefits, directly or indirectly, under the Tax Treaty;
- Self-declaration by the shareholder that the arrangement of the shareholder is not covered under impermissible avoidance arrangement;
- Any other documents as prescribed under the IT Act for lower withholding of taxes if applicable, duly attested by member

**IN CASE OF FOREIGN INSTITUTIONAL INVESTORS / FOREIGN PORTFOLIO INVESTORS**, tax will be deducted under Section 196D of the IT Act @ 20% plus applicable surcharge and health and education cess of 4% on dividend income making effective rate of TDS as under:

| Particulars                                                               | Surcharge Rate | Effective TDS rate |
|---------------------------------------------------------------------------|----------------|--------------------|
| Dividend Income not exceeding Rs. 50,00,000                               | Nil            | 20.80%             |
| Dividend Income exceeds Rs. 50,00,000 but does not exceed Rs. 1,00,00,000 | 10%            | 22.88%             |
| Dividend Income exceeds Rs.1,00,00,000 but does not exceed Rs.2,00,00,000 | 15%            | 23.92%             |
| Dividend Income exceeds Rs.2,00,00,000 but does not exceed Rs.5,00,00,000 | 25%            | 26.00%             |
| Dividend Income exceeding Rs. 5,00,00,000                                 | 37%            | 28.50%             |

For the purpose of withholding tax, it may not be possible to consider applicable DTAA benefits, if any, in case of FPI/ FII since the provisions of IT Act do not provide so.

The Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction/withholding on dividend amounts. Application of beneficial DTAA Rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non- Resident shareholder.

Please note that the Company is in its sole discretion reserves the right to call for any further information and/ or to apply domestic law for TDS.

The aforementioned documents (duly completed and signed) are required to be furnished by the respective shareholders no later than Friday, September 18 , 2020, 5:00 PM IST to the Link Intime India Private Ltd - Registrars and Transfer Agents (RTA) of the Company by uploading the same at <https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html> in order to enable the Company to determine and deduct appropriate TDS / Withholding Tax. Incomplete and/or unsigned forms and declarations will not be considered by the Company. No communication on the tax determination/ deduction/ Tax withholding matters shall be considered after Friday, September 18, 2020, 5:00 PM. IST. The Company will arrange to email a soft copy of TDS certificate to you at your registered email ID post completion of activities.

Shareholders may note that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents from you, option is available to you to file the return of income as per Income Tax Act, 1961 and claim an appropriate refund, if eligible.

All communications/ queries in this respect should be addressed to our RTA - Link Intime India Private Limited to its email address: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) (NO TAX EXEMPTION FORMS SHOULD BE SENT AND THIS MAIL ID IS ONLY FOR QUERIES)

- Members wishing to claim dividends that remain unclaimed for the FY 2018-19 are requested to correspond with the RTA as mentioned above, or with the Company Secretary, at the Company's registered office or may write at [investor@neogenchem.com](mailto:investor@neogenchem.com). Members are requested to note that dividends that are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education and

Protection Fund (IEPF). Shares on which dividend remains unclaimed for seven consecutive years shall also be transferred to the IEPF as per Section 124 of the Act, read with applicable IEPF rules.

SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in Demat form are therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN to the RTA of the Company.

13. All correspondence relating to transfer and transmission of shares, sub-division of shares, issue of duplicate share certificates, change of address, dematerialization of shares, payment of dividend etc. will be attended to and processed at the office of the RTA that is Link Intime India Private Limited, C-101, 1st Floor, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai, Maharashtra, 400083, Phone No. +91 22 49186000 Email- vishal.parad@linkintime.co.in Contact Person – Mr. Vishal Parad, Associate, Link Intime India Pvt Ltd. Please note that as per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities.
14. Members holding shares in single name are advised to avail the facility of nomination in respect of shares held by them pursuant to provisions of Section 72 of the Companies Act, 2013. Members holding shares in electronic mode may contact their respective DPs for availing this facility. Members holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Transfer Agent.
15. Members holding shares of the Company are requested to notify immediately any change in 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. to the Company/ Registrar and Share Transfer Agent (RTA) quoting their Folio No. along with self-attested documentary proofs, in case if the shares are held in physical forms and to their respective Depository Participant(s) in case the shares are held in Demat form.
16. The Company encourages members to intimate/ update their e-mail addresses to receive the Annual Report and other communication electronically in support of the "Go Green" initiative of the Ministry of Corporate Affairs. Members may intimate/ update their e-mail address by sending a mail to [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) with their name and DPID /Client ID/ folio details. Members holding shares in Demat may please update their e-mails with the respective depository participant.
17. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
18. The Register of Members of the Company shall remain closed from Saturday September 19, 2020 to Monday September 28, 2020 (both days inclusive).

#### **Voting through electronic mode:**

1. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 & 21 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Rules, 2015 (including any statutory modification(s), clarification(s), exemption(s), re-enactment(s) or substitution(s) thereof for the time being force), Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2) issued by Institute of Company Secretaries of India, the Company is pleased to provide e-voting facility to its members to cast their right to vote electronically from the place other than venue of the AGM ("remote e-voting") and Remote E-voting during the AGM using an electronic voting system provided by **Link Intime India Private Limited** for all the members of the Company to enable them to cast their vote electronically, on the business items set forth in the notice of the 31<sup>st</sup> Annual General Meeting and the business may be transacted through such remote e-voting. For voting electronically, the process and manner for generating/receiving the password and cast vote(s) in a secure manner, instructions are provided in the process for e-voting forming part of this notice.
2. The facility of e-voting during the AGM will be available only to the members who have not casted their vote through remote e-voting during the E-voting period. Members who have cast their vote by remote e-voting prior to AGM may participate in

the Annual General Meeting through VC/ OVAM but shall not be entitled to cast their vote again.

3. The voting on the proposals contained the Notice of AGM will be conducted as under:
  - a. The members who have registered their email addresses with the Company / their depository can cast their vote through remote e-voting or through the e-voting during the meeting using the process mentioned below for e-voting through electronic system means.
  - b. The members who are holding shares in physical form and who have not registered their email ID with the Company, can write to enotices@linkintime.co.in by providing their name and folio number and obtain default PAN (if PAN is not registered with the Company) for the purpose of e-voting in CDSL portal and exercise their vote either through remote e-voting or e-voting during the AGM. The credentials will be provided to the members after verification of all details.

Detailed instructions for voting are contained in the process for e-voting below.

4. The Board of Directors has appointed Mr. Devendra Deshpande, Company Secretary, proprietor of DVD & Associates, Company Secretaries, Pune, as the Scrutinizer to scrutinize the remote e-voting and e-voting during the AGM process in a fair and transparent manner.
5. The remote e-voting period commences on Friday September 25, 2020 at 9:00 A.M and ends on Sunday, September 27, 2020 at 5:00 P.M. During this period, the Members of the Company holding shares in physical form or in dematerialized form, as on the cut- off date being Friday, September 18, 2020 may cast their vote by electronic means in the manner and process set out herein below.
  - a. The voting rights of members shall be in proportion to their shares held in the paid up equity share capital of the Company as on the cut-off date that is, Friday, September 18, 2020. A person whose name is recorded in the Register of Members or in the Register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of e-voting as well as voting through e-voting during the AGM.

Once the vote on resolution cast by Members through remote e-voting, he/she/it shall not be allowed to change it subsequently.

Any person who acquires shares of the Company and becomes a member of the Company after the dispatch of the Notice through electronic means and holding shares as on the cut- off date that is, Friday, September 18, 2020 may refer to this Notice of AGM of the Company, posted on Company's website <https://neogenchem.com/annual-reports/> for detail procedure with regards to remote e-voting and may obtain the login ID and password by sending a request to enotices@linkintime.co.in or by calling 022 – 49186000 providing details, such as, name of the Member, DPID / Client ID no. and name of the Company. User ID and password will be provided through email or SMS or letter as per details of the Member provided by the Depositories or available with the Registrars. Any person, who ceases to be member of the Company as on the cut-off date and is in receipt of this Notice, shall treat this Notice for information purpose only.

6. The voting during the AGM will begin on Monday, September 28, 2020 at 5.00 p.m. and will end on completion of 30 minutes from the time of the conclusion of the AGM. Within this period, all members who are present at the AGM through VC facility and who have not yet exercised their vote through remote e-voting, can exercise their vote electronically.

The facility for e-voting during the meeting is available only to those members participating in the meeting through VC facility. If a member has exercised his / her vote during the AGM through e-voting but not attended the AGM through VC facility, then the votes casted by such member shall be considered invalid. If a member casts votes by both the modes, then voting done through remote e-voting shall prevail and vote cast through E-voting during the AGM shall be treated as invalid.

A Member may participate in the AGM even after exercising his right to vote through remote e-voting, but cannot e- vote again during the AGM. Members who are present in the meeting through VC/OAVM Facility and have not casted their vote on resolutions through remote e-voting and are otherwise not barred from doing so, shall be allowed to e-vote during the AGM.

The procedure for remote e-voting and e-voting during the AGM given below in the notes.

7. The Scrutinizer shall submit his/her report, to the Chairman or any person authorized by him, on the votes cast in favour or against, if any, within 48 hrs from the conclusion of Meeting.
8. The results declared along with the consolidated Scrutinizer's Report and the recorded transcript of the meeting shall be uploaded at the website of the Company <https://neogenchem.com/annual-reports/> and on the website of Link Intime India Private Limited (LI IPL) <https://instavote.linkintime.co.in> and the results shall simultaneously be communicated to the Stock Exchanges.

### Process for e-voting:

The Company has signed an agreement with **Link Intime India Private Limited (LI IPL)** for facilitating e-voting to enable the members to cast their vote electronically. Each voter may follow the following steps while e-voting:

The instructions for members voting electronically are:

- **Log-in to e-Voting website of Link Intime India Private Limited (LI IPL)**

1. Visit the e-voting system of LI IPL. Open web browser by typing the following URL: <https://instavote.linkintime.co.in>.
2. Those who are first time users of LI IPL e-voting platform or holding shares in physical mode have to mandatorily generate their own Password, as under:

Click on "Sign Up" tab available under 'Shareholders' Tab and register your following details:

| Sr. No. | Details               | For Shareholders holding shares in Demat Form or Physical Form                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A       | User ID               | <p>Your User ID details are given below:</p> <p>Shareholders holding shares in Demat account with NSDL: Your User ID is 8 Character DP ID followed by 8 Digit Client ID</p> <p>Shareholders holding shares in Demat account with CDSL: Your User ID is 16 Digit Beneficiary ID</p> <p>Shareholders/ members holding shares in physical form shall provide Event No + Folio Number registered with the Company.</p>                                                                      |
| B       | PAN                   | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders).</p> <p>Members who have not updated their PAN with depository Participant or in the company record are requested to send an email to <a href="mailto:enotices@linkintime.co.in">enotices@linkintime.co.in</a> providing details such as name of the Member, DPID/ Client ID no. and name of the Company and obtain default PAN.</p> |
| C       | DOB/ DOI              | Enter the DOB (Date of Birth) / DOI (Date of Incorporation) as recorded with depository participant or in the company record for the said demat account or folio number in dd/mm/yyyy format.                                                                                                                                                                                                                                                                                           |
| D       | Dividend Bank Details | <p>Enter the Bank Account number (last four digits), as recorded in your demat account or in the company records for the said demat account or folio number. Please enter the DOB/ DOI or Bank Account number in order to register.</p> <p>If the above mentioned details are not recorded with the depository participants or company, please enter Folio number in the Bank Account number field as mentioned in point A above.</p>                                                   |



- Shareholders/ members holding shares in **CDSL demat account shall provide either 'C' or 'D', above**
- Shareholders/ members holding shares in **NSDL demat account shall provide 'D', above**
- Shareholders/ members holding shares in **physical form** but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above.
- Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter).
- Click "confirm" (Your password is now generated).

If you are holding shares in demat form and had registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in> , and/or voted on an earlier voting of any company then you can use your existing password to login.

If Shareholders holding shares in Demat Form or Physical Form have forgotten password:

- o Click on 'Login' under 'SHARE HOLDER' tab and further Click 'forgot password?'
- o Enter **User ID**, select **Mode** and Enter Image Verification (CAPTCHA) Code and Click on 'Submit'.

In case shareholder is having valid email address, Password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter)

**NOTE:** The password is to be used by demat shareholders for voting on the resolutions placed by the company in which they are a shareholder and eligible to vote, provided that the company opts for e-voting platform of LIPL.

For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

### Cast your vote electronically

1. After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View "Event No" of the company, you choose to vote.
2. On the voting page, you will see "Resolution Description" and against the same the option "Favour / Against" for voting. Cast your vote by selecting appropriate option that is Favour / Against as desired.  
  
Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour / Against'. You may also choose the option 'Abstain' and the shares held will not be counted under 'Favour / Against'.
3. If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.
4. After selecting the appropriate option that is Favour /Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.
5. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
6. You can also take the printout of the votes cast by you by clicking on "Print" option on the Voting page.

### General Guidelines for shareholders:

- Institutional shareholders (that is other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIPL: <https://instavote.linkintime.co.in> and register themselves as 'Custodian / Mutual Fund / Corporate Body'.

They are also required to upload a scanned certified true copy of the board resolution /authority letter/ power of attorney etc. together with attested specimen signature of the duly authorized representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.

- During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".

- Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.
  - In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or write an email to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or Call us :- Tel : 022 - 49186000.
3. After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.
  4. Cast your vote by selecting appropriate option that is "Favour/Against" as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.
  5. After selecting the appropriate option that is Favour/Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.
  6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

### Instructions for Shareholders/ Members to Vote during the Annual General Meeting through InstaMeet:

Once the electronic voting is activated by the scrutinizer/moderator during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting "Cast your vote"
2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on 'Submit'.

In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in) or contact on: - Tel: 022-49186175.

## PROCESS AND MANNER FOR ATTENDING THE ANNUAL GENERAL MEETING THROUGH INSTAMEET

1. Open the internet browser and launch the URL: <https://instameet.linkintime.co.in>

- Select the "Company" and 'Event Date' and register with your following details: -
  - A. Demat Account No. or Folio No: Enter your 16 digit Demat Account No. or Folio No
    - Shareholders/ members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID
    - Shareholders/ members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID
    - Shareholders/ members holding shares in physical form shall provide Folio Number registered with the Company
  - B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.
  - C. Mobile No.: Enter your mobile number.
  - D. Email ID: Enter your email id, as recorded with your DP/Company.
- Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).

Please refer the instructions (annex) for the software requirements and kindly ensure to install the same on the device which would be used to attend the meeting. Please read the instructions carefully and participate in the meeting. You may also call upon the InstaMeet Support Desk for any support on the dedicated number provided to you in the instruction/ InstaMeet website.



### Instructions for Shareholders/ Members to Speak during the Annual General Meeting through InstaMeet:

1. Shareholders who would like to speak during the meeting must register their request 3 days in advance with the company on the specific email id created for the general meeting.
2. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.
3. Shareholders will receive "speaking serial number" once they mark attendance for the meeting.
4. Other shareholder may ask questions to the panellist, via active chat-board during the meeting.
5. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

The following explanatory statement sets out all material facts relating to the Special Business mentioned in the accompanying notice:

#### ITEM NO.4

##### **RATIFICATION OF REMUNERATION PAYABLE TO COST AUDITOR:**

The Board has at its meeting held on August 8, 2020, after considering the recommendation of the Audit Committee, approved the appointment and remuneration to Kishore Bhatia & Associates, Cost Accountants, (FRN- 00294), as the Cost Auditors of the Company to conduct verification, review and audit of the cost records of the Company for the financial year ending on March 31, 2021 on a remuneration of Rs. 2.50 lakhs (Rupees Two lakhs fifty thousand) plus GST and out of pocket expenses, if any.

In terms of the provisions of Section 148 (3) of the Companies Act, 2013 read with Rule 14 (a) (ii) of The Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be fixed by the members of the Company. Kishore Bhatia & Associates, Cost Accountants, (FRN- 00294), have the

necessary experience in the field of cost audit and have submitted a certificate regarding their eligibility for appointment as Cost Auditors of the Company.

Considering the applicable provisions of the Act and Rules made thereunder, approval of the members of the Company is being sought by way of ordinary resolution as set out in Item No. 4 of the accompanying notice, for ratification of the Remuneration of Rs. 2.50 lakhs (Rupees Two lakhs fifty thousand) plus GST and out of pocket expenses, if any payable to the Cost Auditor for the financial year ending March 31, 2021.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the accompanying Notice for the approval of the Members.

None of the Directors/Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the said resolution.

#### ITEM NO. 5

##### **INCREASING THE BORROWING POWERS UNDER SECTION 180(1) (C) OF THE COMPANIES ACT, 2013 UP TO Rs. 25,000 lakhs.**

Pursuant to Section 180 (1) (c) of the Companies Act, 2013, the Company cannot except with the consent of the shareholders in General Meeting, borrow moneys, apart from temporary loans obtained from Company's bankers in the ordinary course of business, in excess of the aggregate paid up capital, free reserves and securities premium account of the Company, that is to say reserves not set apart for any specific purpose.

In view of the growing business activities, it has become necessary to borrow funds to meet Company's increased expenditure and working capital requirement in line with increase in Company's business activities.

The consent of the members by passing special resolution under section 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013 is, therefore, sought to enable Board of Directors to borrow moneys as and when required, upto a limit of Rs. 25, 000 lakhs (Rupees Twenty five thousand lakhs) (apart from temporary loans obtained from Company's bankers in the ordinary course of business).

Hence the proposed resolution is recommended for consideration of and approval by the shareholders of the Company and recommends the resolution as set out in Item No. 5 of the accompanying notice to be passed by the members by way of Special Resolution.

None of the Directors/Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the said resolution.

## ITEM NO. 6

### CREATION OF SECURITY ON THE PROPERTIES OF THE COMPANY, BOTH PRESENT AND FUTURE, IN FAVOUR OF LENDERS:

Pursuant to Section 180 (1) (a) of the Companies Act, 2013 the Board of Directors of the Company needs consent of the Shareholders by passing special resolution at the General meeting to mortgage, hypothecate, lease or create any charges on the present or future properties/assets of the Company. In view of growing business requirement, it is proposed to authorize Board of Directors to create charge on the properties of the Company to secure present and future borrowings subject to limit approved under Section 180 (1) (c) of the Companies Act, 2013.

Hence the proposed resolution is recommended for consideration of and approval by the shareholders of the Company and recommends the resolution as set out in Item No. 6 of the accompanying notice to be passed by the members by way of Special Resolution.

None of the Directors/Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the said resolution.

By order of the Board  
For Neogen Chemicals Limited

**Mr. Haridas Kanani**

Chairman & Managing Director  
DIN: 00185487

Place: Thane  
Date: August 8, 2020

Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 (SS-2) issued by the ICSI, details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting are as follows:

| Name of Director                                                                                                   | Dr. Harin Kanani                                                                                                                      |
|--------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| Designation                                                                                                        | Managing Director                                                                                                                     |
| DIN                                                                                                                | 05136947                                                                                                                              |
| Date of Birth                                                                                                      | 18-10-1976                                                                                                                            |
| Age                                                                                                                | 44 Years                                                                                                                              |
| Nationality                                                                                                        | Indian                                                                                                                                |
| Original Date of Appointment                                                                                       | 15-07-2013                                                                                                                            |
| Qualification                                                                                                      | Ph.D. Chemical and Biomolecular Engineering                                                                                           |
| Experience                                                                                                         | Approx. 20 years                                                                                                                      |
| No. of Shares held in the Company                                                                                  | 20,00,000                                                                                                                             |
| List of Directorship held in other listed companies                                                                | Not Applicable                                                                                                                        |
| List of Chairmanship and Membership of Various committees in listed companies (Including Neogen Chemicals Limited) | Member:-<br>Member of Audit Committee and Stakeholder Relationship Committee of Neogen Chemicals Limited<br>Chairman:- Not Applicable |
| Relationship with existing Directors of the Company                                                                | Son of Mr. Haridas Kanani, Chairman and Managing Director of the Company                                                              |

For other details such as number of meetings of the board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel in respect of above directors, please refer to the corporate governance report which is a part of this Annual Report.

[illegible]

## Notes

[illegible]





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