

Financial Year

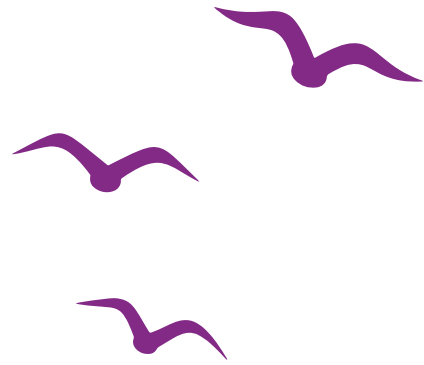
21/22

Annual Report



NEOGEN
CHEMICALS LTD.

Expanding Capabilities Exploring New Horizons



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To know more about us,
please visit:
www.neogenchem.com

Key Performance Indicators

45% ↑

Increase in Total Revenue from
Operations to Rs. 487.25 Crores

Net Worth

to **Rs. 439.32 ↑** Crores

35% ↑

Increase in EBITDA to Rs. 86.6 Crores

42% ↑

Increase in PAT to Rs. 44.7 Crores

55.59% : 44.41%

Domestic Vs Exports Revenue break-up

34%

5-year Revenue CAGR

41%

5-year PAT CAGR

233

Products developed by in-house R&D

Employee Count

↑ 168 Total Workforce increased to 493

↑ Organic Manufacturing Capacity

from 130 Kilo Litres of reactor capacity to
407 Kilo Litres of reactor capacity

Exporting to **29** countries, with key export
geographies in United States, Europe, Japan
and Middle East

Well-equipped R&D team with **10%** of the
total workforce

**ISO 9001:2015, ISO 14001:2015 &
ISO 45001:2018**

Manufacturing units certified for Quality,
Manufacturing, Processing and Environment,
Health and Safety (EHS) Management Systems

Expanding Capabilities Exploring New Horizons

The year has been a remarkable one for us at Neogen Chemicals Limited. We take pride in having delivered on our commitment by expanding capabilities with determination and perseverance. At the same time, we started exploring new horizons to drive growth and contribute to nation building.

During the year, we achieved measurable deliverables. We commissioned our state-of-the-art Dahej SEZ plant, and also increased organic chemicals manufacturing capacity. This will help us to focus on niche high-margin value-added products delivered through multi-stage processes and complex chemistry. With India emerging as an attractive global chemical manufacturing destination and the domestic industry headed for strong growth, we continue to expand our capabilities across segments to deliver a sustainable performance in the future.

We are optimistic of the government's initiative in Lithium-Ion Battery sector under the Production Linked Incentive (PLI) scheme for advance chemistry cell (ACC) batteries, aimed at enabling India to reduce its import reliance and make it a key supplier for advance energy storage technologies. The scheme will drive growth of green energy and clean transportation globally. At Neogen, we intend to be one of the first mover in this high-potential growth area. We are foraying to manufacture electrolytes required for lithium-ion batteries ACC with a pilot project. We are also attempting backward integration of lithium electrolyte salts. Simultaneously, we continue to focus on niche and value-added organic products requiring expertise in complex chemistries with multi-stage processes and on improving the share of high-margin custom synthesis manufacturing business in our organic segment.

We have also planned a Capex in FY 2022-23 to increase organic and inorganic chemicals capacity at Dahej SEZ Plant. This will enable us to increase the capacity for manufacturing Organic salts, and

The road ahead is exciting for us. By expanding and upscaling capabilities, we are elevating ourselves to a position of greater strength and gaining higher margins. We continue to acquire further expertise in developing customised and value-added products into complex and specialised chemistries and also explore and benefit from newer opportunities. Both of these will help us achieve healthy growth and turn us into a consistent and assured value-generator.

to set up new capacity in existing Inorganic MPP for manufacturing specialty lithium salts for electrolytes in lithium-ion batteries ACC. The capex also encompasses brownfield capex for advanced bromine intermediates.



Staying Ahead of the Curve: Passion to Innovate

About Us

Led by technocrats and leaders in the Indian specialty chemicals space, we manufacture specialty Bromine and Lithium-based chemical compounds, with a strong portfolio of organic and inorganic chemicals. In operation since 1989, we have over 30 years of strong industry experience. Our contribution to custom synthesis and contract manufacturing is also growing year-on-year.

With an extensive R&D led portfolio of chemistries, focus on innovation in specialty chemicals, excellence in quality and supply chain and ongoing capacity expansion, we are well-positioned for our customers across the globe. With our experience of 30 years and capabilities to move up the value chain with value-added products, we continue to provide our full-fledged support to the Indian chemical industry.

In addition to manufacturing specialty chemicals, we also undertake custom synthesis and contract manufacturing to develop custom products for a specific customer through in-house process know-how and technical specifications.

Our products and their applications

Over the years, we have expanded our range of products. Our present portfolio has over 233 own products, which find application across multiple industries in India, including pharmaceuticals, engineering fluids, electronic chemicals, polymer additives, agro-chemical intermediates, water treatment, construction chemicals, aroma chemicals, specialty polymers, flavours and fragrances, with new upcoming usage in lithium-ion battery materials for energy storage and EV application.



Our manufacturing capabilities

We operate out of three manufacturing facilities located in Mahape, Navi Mumbai in Maharashtra; Karakhadi, Vadodara and Dahej SEZ plant, Bharuch in Gujarat.

Key Proficiencies in Manufacturing

Location	Installed Capacity		Key Certifications
	Organic Chemicals (Reactor capacity in Kilo Litres)	Inorganic Chemicals (Tonnage in Metric Tonnes)	
Mahape (Set up in 1991)	69	1,200	ISO 9001:2015 from Bureau Veritas Certification Holding SAS
Vadodara (Set up in 2017)	111	-	ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications from Bureau Veritas Certification Holding SAS
Dahej (Set up in 2020)	227	1,200	ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications from Bureau Veritas Certification Holding SAS. Also, GMP (Good Manufacturing Practices) certified by SGS India Pvt. Ltd.
Total	407	2,400	

Our quality control and quality assurance team monitors manufacturing processes at all stages – from the initial testing stage for incoming raw material to the final product prior to packing. Our well-equipped quality control lab with GCs, HPLC, UV Spectrophotometer, Karl Fischer Moisture Analysers, Polarimeter, Inductive Coupled Plasma and other required analytical instruments support our quality control measures across operations. We are committed to strengthen our R&D capabilities, with the R&D centres being well-equipped to carry out reaction under a wide range of pressure and temperatures.

Key Business Segments

ORGANIC CHEMICALS

Bromine Compounds

Organic compounds containing chlorine, fluorine, iodine-based combinations thereof and others including Grignard reagents.

Advanced Intermediates

Combining bromination with other chemistries to create forward-integrated value-added products.

Custom Synthesis and Contract Manufacturing

Products developed for specific customers. Process know-how and technical specifications are developed inhouse

End-user industries

- Pharmaceuticals
- Agrochemicals
- Electronic chemicals
- Aroma chemicals
- Flavours

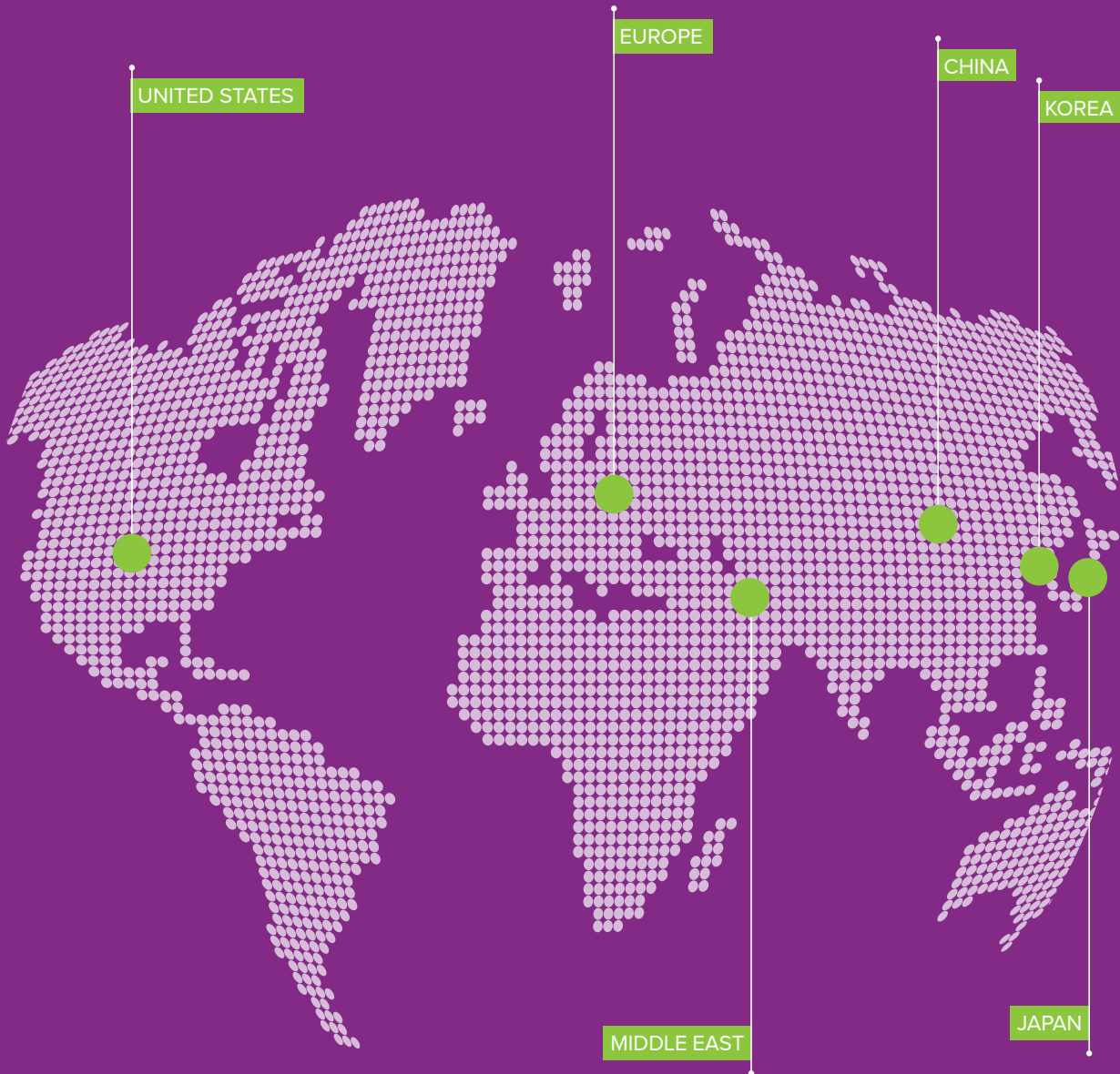
INORGANIC CHEMICALS

This portfolio includes specialty inorganic, lithium-based chemical products which find applications across multiple industries.

End-user industries

- Eco-friendly VAM for cooling air, water, process equipment
- Pharmaceuticals
- Specialty polymers
- Battery chemicals
- Construction chemicals

Export Geographies



A compelling value-proposition

 <p>Board of Directors</p>	<p>➤</p> <ul style="list-style-type: none"> ▪ 8-member board having diverse technical and financial expertise ▪ Superior technical know-how and process chemistry
 <p>State-of-the-art Manufacturing Facilities</p>	<p>➤</p> <ul style="list-style-type: none"> ▪ Three state-of-the-art manufacturing facilities with 407 Kilo litre of reactor capacity for manufacturing organic chemicals and 2,400 MT per annum of inorganic chemicals capacity ▪ Dedicated control and quality assurance to monitor the manufacturing processes
 <p>Excellent R&D Capabilities</p>	<p>➤</p> <ul style="list-style-type: none"> ▪ Excellent R&D capabilities supported by an expert 46-member team ▪ A research-driven culture
 <p>An Innovative Product Portfolio</p>	<p>➤</p> <ul style="list-style-type: none"> ▪ Increase from 20 products at the time of inception to 233 differentiated, high-quality, low-cost and innovative products
 <p>Enduring Customer Relationships</p>	<p>➤</p> <ul style="list-style-type: none"> ▪ A preferred and trusted supplier to leading domestic and international customers across 29 countries with over 30 years of supply, quality, reliability and track record ▪ Pharmaceutical, Engineering and Agro-chemicals are the key customer segments addressed by our high-quality products
 <p>Established Relationship with Suppliers</p>	<p>➤</p> <ul style="list-style-type: none"> ▪ 30 years of operations with focus on maintaining long-standing relationship with suppliers and a well-managed supply chain
 <p>Specialised Business Model with High Entry Barriers</p>	<p>➤</p> <ul style="list-style-type: none"> ▪ Established player (in both international and domestic market) operating in a niche sector with very high entry barriers



Message From The Chairman

Inspired vision and strategic clarity to deliver value and sustainable growth

Dear Shareholders,

The past year was well-spent in building a stronger foundation for growth. Following our vision, we crystallised our actions and strengthened our capabilities with renewed vigour. Affirmative steps were taken to deliver excellent performance on a consistent basis, including consolidating core business and intensifying focus on high-margin value-added products, as we stepped into promising ventures.

More importantly, we stood by our values - passion for quality and respect for the people and the planet.



Guided by our long-term strategy based on purpose, vision and values, we are shaping a better future and moving ahead on our ambition to deliver profitable growth.

Expanding our capabilities

Niche and value-added products that require expertise in complex chemistries with multi-stage processes have always been our key focus. This year, we progressed on this journey with the successful commissioning of commercial production at Phase I and II of our Dahej SEZ plant. Our total installed capacity for organic chemicals across three sites now stands at 407 Kilo Litres of reactor capacity, up from 130 Kilo Litres of reactor capacity in last year. This is our first major expansion from ground-up to a world-class plant for specialty organic specialty chemicals in recent times. Focussed on advanced intermediates for pharma and CSM opportunities, this commissioning will drive revenue growth from these segments and enable greater value addition through multi-stage processes and complex chemistry.

Exploring new horizons

In a significant move, the Government of India announced a USD 2 billion production linked incentive scheme (PLI) for ACC Battery Storage and for the e-mobility industry. This increased focus towards sustainable sources of energy and mobility, and achieving self-reliance in battery manufacturing has opened up new prospects.

Considering the growth potential, we are actively exploring the market for battery materials to seize growth opportunities in the sector. We are also engaging in demand evaluation discussions with major local cell

manufacturers for electrolytes and customers/distributors interested in electrolyte salt.

Further, we have embarked on a pilot project to produce electrolytes required in lithium-Ion Batteries. We will also utilise the advantage of backward integration of making the lithium salts, which is a chemistry similar to the one we have been engaged in for the last 30 years. Plans to set up commercial scale plant for electrolyte and lithium salt production is on the anvil basis customer commitments and approvals.

In another significant development, we have been selected under the PLI scheme for Pharmaceuticals, requiring us to meet a minimal capex/investment and business growth criteria and this will help us avail an estimated benefit of over Rs. 50-60 Crores over the next six years. It opens an opportunity for generating revenues from pharmaceuticals segment over the next six years in a cost-efficient manner.

Delivering greater value addition

We have lined up a yet another capex in FY 2022-23 for expanding specialty organic chemicals manufacturing capacity at our Dahej SEZ Plant by 60 Kilo of reactor capacity. It will support new molecules developed in-house and augment our capability of doing multiple chemistries.

Also, driven by resurgence in demand from end-user segments, we have planned to double inorganic salts manufacturing capacity to 2,400 MT in the existing inorganic Multi Purpose Plant (MPP) at our Dahej SEZ Plant. This move will help us to cater to the increased demand from international

“We are actively exploring the market for battery materials to seize growth opportunities in the sector. We are also engaging in demand evaluation discussions with major local cell manufacturers for electrolytes and customers/distributors interested in electrolyte salt.”

customers for regular lithium-based products, as well as in the domestic market.

In our efforts to explore and set new horizons for future growth, we are adding new capacity of 400 MTPA for lithium electrolyte salt production in the existing inorganic MPP at Dahej SEZ plant in order to meet the growing international demand and for our initial captive consumption. We are contemplating to further expand this, based on customer commitments in the international market and approvals.

We are working undeterred towards completing our brownfield capex by June 2023. This will significantly improve our long-term growth prospects and drive value creation for stakeholders.

The new facility will help enhance our capabilities in carrying out multi-step chemistry, thereby augmenting our infrastructure to manufacture Advanced Intermediates and for the contract manufacturing business.

“Our continued innovations and initiatives in the specialty chemicals space is expected to bring positive results in the coming years.”

Multiplying organisational strength

Our continued innovations and initiatives in the specialty chemicals space is expected to bring positive results in the coming years. As we continue to consolidate our market share, we have also expanded our capabilities through process innovation, driven by research and development, which is our key differentiator in a competitive environment.

In addition, we further expanded our capabilities through strong compliance and stringent quality, along with adhering to environmental and safety norms. We stepped up efforts

to induct high calibre talent from premier engineering and management institutions, and further strengthened our people-centric culture. Our employee strength has gone up from 325 at the end of March 31, 2021 to 493 as on March 31, 2022 – having added 168 employees in just one year.

The year also saw us successfully transition to SAP-based systems in the ordering process. This initiative will help bring more seamlessness in customer ordering alongside ensuring better internal controls and limiting the internal financial risks through appropriate use of technology.

Going forward

Neogen has successfully established a reputation as a world-class and trusted partner delivering innovative solutions through state-of-the-art infrastructure and being driven by a highly qualified and agile team. We are now in an expansion mode and the road ahead is exciting. On one hand, we have plans to grow organic capacities; on the other, we are actively pursuing opportunities

in inorganic chemicals and lithium-ion battery materials. We remain well poised to unfold a new growth story and capture incremental demand, having the fundamental levers in place to boost our business proposition.

We have ensured that we are present in the right businesses and markets having a strong growth potential. Our thoughtful investments will help generate sustainable returns. With a key objective to profitably maintain our growth trajectory, we look forward to maximising value for all our stakeholders and fortify our industry leadership in the specialty chemicals manufacturing space.

In conclusion

I thank all the stakeholders for their trust, support, guidance and good wishes. The journey ahead is long, but promising. Together, we shall continue to grow.

Warm Regards,

Haridas Kanani
Chairman & Managing Director





CORPORATE OVERVIEW

STATUTORY REPORTS

FINANCIAL STATEMENTS

From The Managing Director's Desk

**Creating a stronger base
for future value growth by
capitalising on growing
opportunities**

Dear Shareholders,

The global specialty chemicals industry is growing rapidly. The widening prospects of specialty chemicals are encouraging global specialty chemicals manufacturers to rapidly expand their presence, diversify their portfolios and strengthen their operations. The industry in short is in an invincible position.

At the company level, product differentiation has become a key driver of success in an increasingly competitive industry. This is where Neogen Chemicals has an edge. Our extensive R&D-led portfolio of chemistries, a strong and differentiated

product pipeline, robust quality of products and supply reliability makes us a dependable supplier for clients in India and in 29 other countries across the world.

Alongside being innovation-driven, our conservative but pragmatic initiatives directed towards generating short, medium and long-term cash flows, is what ensures long-term sustainable value for our stakeholders.

Led by a strong business model

The strength and agility built into our business have been a key driver of our strong performance. We are glad these enabled us to conclude the year under review on an extremely positive note, despite the unprecedented challenges posed by the geopolitical situation, inflation in lithium prices and utility costs, supply chain disruptions and post-COVID effect.

Neogen remained undeterred by all of these. Our customer-centric approach in all strategies supported our endeavours of becoming a better and stronger company. At the same time, we maintained steadfast focus on delivering high-quality products, expanding our capacities, maintaining cost leadership, and exploring new horizons for future growth. These efforts have and will continue to go a long way in creating a high-quality enterprise with unmatched execution capabilities.

Our financial performance

During the year, we scaled new heights and achieved our revenue benchmark showing remarkable resilience.



Our business benefited from strong demand for lithium-based chemicals. We also witnessed demand turning favourable across other key end-user industries, leading to higher product offtake and realisation gains. Further, capacity expansion initiatives, including commissioning of Phase I and Phase II at Dahej SEZ Plant and other brownfield programmes, contributed to incremental gains while driving focus on value-added offerings.

Overall, we closed FY 2021-22, with a 45% growth in revenue to Rs. 487.25 Crores. Revenue from Organic Chemicals at Rs. 363 Crores was higher by 33% from the earlier year, while the Inorganic Chemicals segment reported a 97% growth in FY 2021-22 revenue at Rs. 124 Crores. Further, we set a new milestone in the second quarter of the year, with our quarterly revenue crossing Rs. 100 Crores mark.

Profitability metrics mirrored the momentum in revenues, and was further bolstered by improved manufacturing efficiencies and prudent cost management. EBITDA was up by 35% to Rs. 86.6 Crores. Higher utilisation levels at our newly commissioned facilities and a better product mix steered our EBITDA performance. PAT grew stronger by 42% year-on-year to Rs. 44.7 Crores as we benefited with lower effective tax rate. Net Debt reduced significantly this year to Rs. 99 Crores due to increase in cash balances and investments pursuant to the equity raised during the year.

Encouraged by the robust performance, the Board approved a final dividend of 27.5% on the face value of equity shares, i.e., Rs. 2.75 per share for the year under review.

In a key development, we successfully raised Rs. 225 Crores from MFs and AIFs as an equity allotted on a preferential basis during the year under review. This will help support our growth initiatives in advanced intermediates, CSM, contract manufacturing and lithium-ion

battery materials space. With this, our intent is to become future-ready and gain the first-mover advantage in some high-potential opportunities, while retaining our balance sheet strength.

Our priorities

The coming year for Neogen Chemicals is going to be all about moving up the value chain with increased focus on high-margin value added products, advance intermediates and CSM business as well as expanding capacities to meet the growing demand.

Diversification will be key to sustainable growth. And so, we are stepping into a related but new area of electrolyte manufacturing, which will widen our portfolio of niche offerings.

These priorities are aligned with key developments happening in the industry. One, the rising uncertainty relating to supplies from some Chinese player countries, which has prompted global players to look for alternate arrangements, fearing supply chain disruption. This is benefiting domestic companies which are into value-added products. Two, the strong intent of the government to make India a global hub for R&D and manufacturing advanced energy storage technologies. With the production-linked incentive scheme in advanced chemistry cell and battery storage, advanced battery storage technologies would be manufactured domestically. This will help India significantly reduce its reliance on imports and become self-reliant for advanced energy storage technologies to drive growth of green energy and clean transportation.

Downstream value addition

We are capitalising on our skills to develop customised and value-added products involving complex chemistry. We continue to maintain long-term relationships, strengthen our

“Diversification will be key to sustainable growth. And so, we are stepping into a related but new area of electrolyte manufacturing, which will widen our portfolio of niche offerings.”

reputation, enhance long-term visibility and ensure value creation for all the stakeholders.

Moving ahead, we remain committed to use our expertise and capabilities to deliver sustainable and profitable performance.

We are also well positioned to benefit from an excellent product portfolio, strong project pipeline and growing capabilities. In addition, we are working towards expanding our customer base in the key markets. Finally, we are aiming to use the momentum generated over the years, along with the learnings of the past, to maintain the positive growth trajectory and deliver better value for all stakeholders.

On behalf of the Board, I would like to thank our customers and shareholders for their continued support. We also take this opportunity to thank our employees for their exceptional hard work and strong commitment.

Stay safe.

Warm Regards,

Dr. Harin Kanani
Managing Director

Taking Neogen to the Next Level

Commercialising State-of-the-Art Greenfield Dahej SEZ Plant

The augmented capacity at the Dahej SEZ Plant will enable us to widen value added portfolio with higher margins and deliver greater value addition through multi-stage processes and complex chemistry. It will improve our margin profile and position us well to benefit from the upcoming opportunities and ensure long-term value of planned creation.

Having commenced commercial production of value-added organic chemicals at the state-of-the-art greenfield project at Dahej SEZ plant in Gujarat, we are at the point of inflection today.

Our Greenfield and Brownfield expansion

We commenced our most ambitious Greenfield plant at Dahej during the year under review. We began with Phase I and Phase II of the project to manufacture organic chemicals. The plant commenced at full scale during the year, with 100% reactors being installed and put to use. The plant has world-class standards of engineering protocols, safety and productivity, as required by innovators and global MNCs. Our greenfield plant at Dahej SEZ plant has a total capacity of 1,200 MT per annum for inorganic chemicals and 227 Kilo Litres of reactor capacity for organic chemicals.

During the year, we increased our overall organic chemicals manufacturing capacity across sites from 130 Kilo Litres to 407 Kilo

Litres through various greenfield and brownfield expansions across facilities.

The project is already making an effective contribution to revenues and enhancing the manufacturing capacity. The new facility started contributing to the revenue of the Company in second half of the year under review. The capacity expansion bodes well for revenue growth in advance intermediates and custom synthesis.

This ramp-up in capacity utilisation of the recently-expanded organic chemicals facility will fuel our near- and long-term growth. Adding to this, growth in our organic chemicals manufacturing will enable us to fulfil commitments of the long-term contracts, besides also bestowing flexibility in the selection of new molecules.



We are also expanding our operations by setting up a plant to produce electrolyte formulation and advanced lithium-based salts required in electrolyte manufacturing. This dedicated pilot plant facility will speed up process development and commercialisation of specialty chemicals. There are other capacity expansion plans lined up at Karakhadi which include adding a pilot and kilo lab facility, energy efficient boilers and other site improvement.

Further increase in capacities

The Board has approved a Rs. 150 Crores capex plan for expansion at Dahej SEZ Plant, scheduled in FY 2022-23. The capex is projected to enhance our revenue by Rs. 250-300 Crores on full capacity utilisation, considering the lithium prices remain stable.

The capex will be utilised to:

- i) Expand our manufacturing capacity of specialty organic chemicals

by 60 Kilo Litres to support new molecules developed in-house and enhancing our ability to do multiple chemistries;

- ii) Increase the capacity for manufacturing inorganic salts from 1,200 Metric Tonnes to 2,400 Metric Tonnes in the existing inorganic MPP at Dahej SEZ Plant. This will help us serve the rising demand from international customers for regular lithium-based products and expected growth in their demand in domestic market.
- iii) Set up new capacity in the existing inorganic MPP for 400 Tonnes per annum for manufacturing of specialty lithium electrolyte salts and additives. These will be utilised for electrolytes used in lithium-ion batteries advance chemistry cells. We are targeting for trial approvals in the international markets and for captive consumption in manufacturing of electrolytes and expecting it to be operational this year.

Meanwhile, we are closely studying the overall market for battery materials and evaluating promising opportunities in this sector.

Environment, Health and Safety (EHS) and other quality checks

Our strong commitment to sustainability and a keen focus on compliance with EHS standards is demonstrated in the stringent quality, environment and employee safety norms that we follow. This is validated through the ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications from Bureau Veritas Certification Holding SAS.

Furthermore, the Dahej SEZ plant has been GMP (Good Manufacturing Practices) certified by SGS and ISO certified by Bureau Veritas Certification Holding SAS. The facility successfully operated a zero liquid discharge system, which enabled us to recycle 75% of the water required KL/day.

Our Mahape Plant is ISO 9001:2015 certified, Our Karakhadi and Dahej SEZ Plant is ISO 9001:2015, ISO 14001:2015 & ISO 45001:2018 certified, and our Dahej SEZ plant is even GMP certified.



Focussing on the Greater Good

In a sharply focussed CSR strategy, our ultimate purpose is to foster sustainable growth by fulfilling our health, wellness, education and other social responsibilities, along with continually enabling livelihood of communities. Our CSR approach is focused on addressing real human challenges and bringing real change in communities and maximising shared values.

Being a specialty chemical manufacturing company committed to clean and green technology, we follow the same approach while making our contribution to corporate social responsibility. Our key focus areas are environment sustainability and empowering the livelihood of surrounding rural communities. We achieve this by supporting health & wellness, sustainable environment, education, water, sanitation and hygiene needs of the marginalised.

Our broader objective is to contribute to the well-being of the communities and the society around us. Through CSR activities in the vicinity of our manufacturing locations, we work towards the upbringing and betterment of the disadvantaged, vulnerable and marginalised stakeholders.



Key CSR Initiatives



A. EDUCATION

During the year, we supported education in the rural areas by providing the students with laptops and devices, and also sponsored scholarships and school/tuition fees to the deserving and needy ones. We distributed mobile handsets to 42 students belonging to Classes 8th to 10th to enable them to attend online classes during the pandemic.

In another initiative, we sponsored education and other expenses of

over 97 students by contributing to projects undertaken by Shreemad Rajchandra Aatma Tatva, Bhasha Research and Publication Centre (Vasantshala) in Gujarat and Dnyan Vikas Sanstha in Maharashtra.

Further, we sponsored scholarship of four IIT undergraduate students, so that they can complete their education from the reputed institute.

Enabled and empowered youths are key to the development of our country, and equipping them with good education is critical to achieving this. We take pride in contributing our mite to building our nation through education.

We have also sponsored the salaries of teachers imparting vocational training to the students and that of para-teachers of 10 schools in small villages and also we have build a rooftop for schools in villages at shahpur in Thane district.



B. ENVIRONMENTAL SUSTAINABILITY

As part of our focus areas in environmental sustainability, we provided support to 15 Gobar Gas Projects aimed at providing gas for cooking purposes to people, by using food waste and other farm material wastes, which can be used to generate bio-gas.

In collaboration with Bhasha Research and Publication Centre (Bhasha) and Tapi Rachnatmak Trust, we have been empowering small and medium Adivasi farmers in Tapi district and supporting agricultural activities by contributing towards wormi-culture and wormi-compost beds. We have contributed towards wormi-culture and provided 30 vermi-compost beds to around 5 villages till date, which has benefitted small scale farmers to increase their yields.



C. CONSERVATION AND MANAGEMENT OF NATURAL RESOURCES

We empower small and medium Adivasi farmers through various Water Management Programmes. During the year, we had set up borewells, tubewells and wells after conducting surveys and identifying the villages that were facing water scarcity.

In collaboration with Bhasha and its affiliate Tapi Rachnatmak Trust, we have actively worked towards improving water and land resource management and making water available to the villages facing scarcity for domestic use and creating irrigation facilities. Till date, our contribution in construction of 80 borewells has benefited over 20 villages.



D. HEALTHCARE, SANITATION AND NUTRITION

We undertake to facilitate healthcare to the underprivileged including preventive healthcare, sanitation and disaster management. As part of this, we contributed towards manufacturing of 50 prosthetic arms for the needy and also supported in organising health check-up projects.

Additionally, as the nation faced pandemic-related challenges, we provided our full-fledged support to various institutions to help them weather the crisis. We also provided support to the patients in quarantine, and made significant efforts towards promoting sanitation and social distancing.



E. RURAL DEVELOPMENT

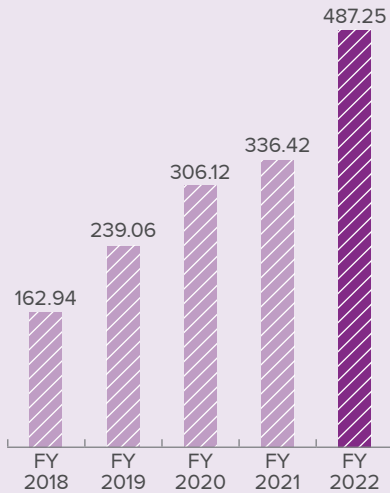
As part of rural development, we supported women empowerment projects and have constructed public toilets at Dabka village, Vadodara and in schools situated at Shahapur, in Thane district which helped in providing good sanitation facility to the nearby villagers and students.



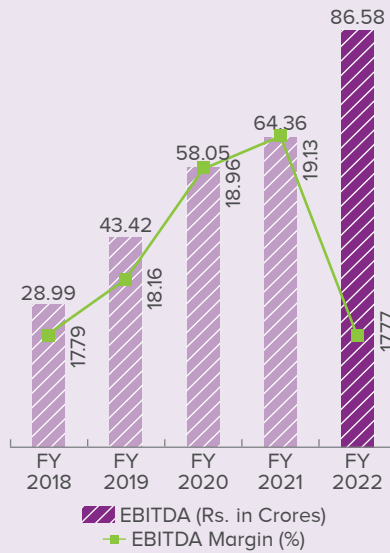
A Year of Substantial, Strategic and Continued Progress

Profit & Loss Indicators

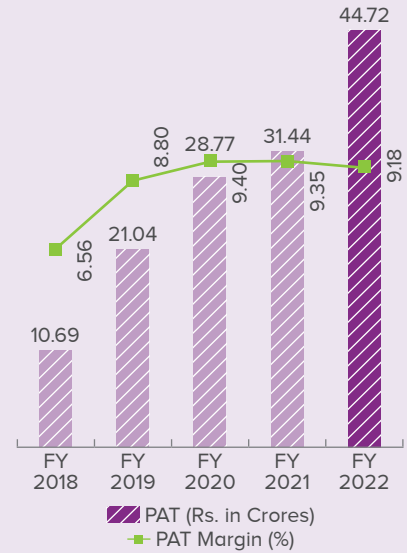
Revenue from Operations
(Rs. in Crores)



EBITDA and EBITDA Margin

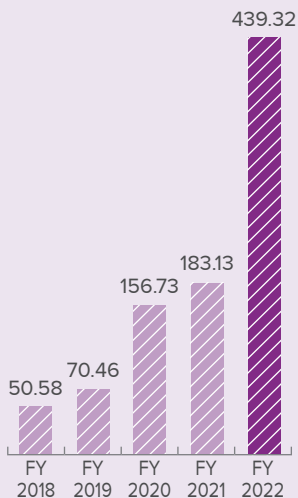


PAT and PAT Margin

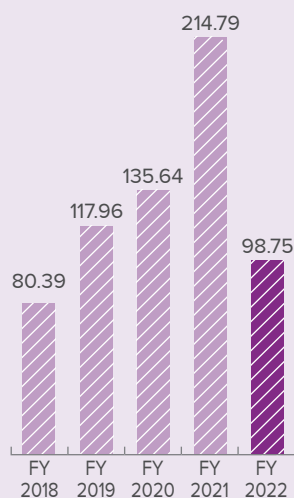


Balance Sheet Indicators

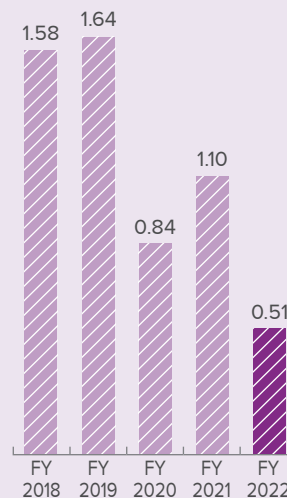
Net Worth
(Rs. in Crores)



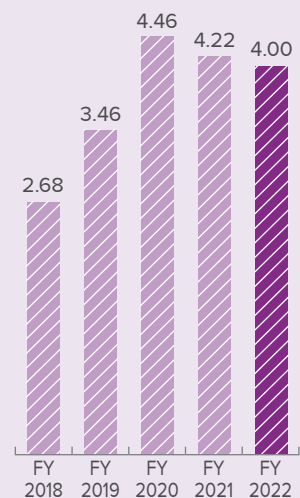
Net Debt
(Rs. in Crores)



Debt Equity Ratio
(No. of Times)



Interest Coverage Ratio



Corporate Information

Haridas Kanani
Chairman and Managing Director

Dr. Harin Kanani
Managing Director

Shyamsunder Upadhyay
Whole Time Director

Anurag Surana
Non-Executive and
Non-Independent Director

Sanjay Mehta
Independent Director

Hitesh Reshamwala
Independent Director

Prof. Ranjan Kumar Malik
Independent Director

Avi Sabavala
Independent Director

KEY MANAGERIAL PERSONNEL

Ketan Vyas
Chief Financial Officer

Unnati Kanani
Company Secretary &
Compliance Officer

FINANCIAL INSTITUTIONS AND BANKERS

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

STATUTORY AUDITORS

JMT & Associates
Chartered Accountants

SECRETARIAL AUDITORS

DVD & Associates
Company Secretaries



Directors' Report

The Members,

Your Directors have pleasure in presenting their 33rd (Thirty Third) Annual Report on the business and operations of the Company and the Audited Financial Statements for the Year ended March 31, 2022.

1. Financial Summary or Highlights/Performance of the Company (Standalone & Consolidated)

(Rs. in Crores)

Particulars	Standalone		Consolidated	
	2021-22	2020-21	2021-22	2020-21
Revenue from Operations	487.25	336.41	487.25	336.41
Other Income	1.34	0.63	1.07	0.14
Total Income	488.59	337.04	488.32	336.55
Cost of materials consumed	343.77	180.76	343.77	180.76
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(68.80)	16.87	(68.80)	16.87
Employee benefits expense	31.50	20.07	31.50	20.07
Finance costs	19.08	13.77	19.08	13.77
Depreciation and Amortization Expense	11.69	6.90	11.69	6.90
Other Expenses	94.19	54.35	94.19	54.35
Total Expenses	431.43	292.72	431.43	292.72
Share of profit from Joint Venture	-	-	0.18	0.38
Profit Before Tax	57.16	44.32	57.07	44.21
Current Tax	9.87	10.37	9.87	10.37
Deferred Tax Liability	2.57	2.51	2.57	2.51
Profit After Tax	44.72	31.44	44.63	31.33
Other Comprehensive Income	(0.28)	0.05	(0.28)	0.05
Total Comprehensive Income for the year	44.44	31.49	44.35	31.38

2. Brief Description of the Company's Working during the Year/State of Company's Affair

The Company reported a standalone revenue of Rs. 488.59 Crores and consolidated revenue of Rs. 488.32 Crores (including other income) in FY 2021-22 as compared to Standalone revenue of Rs. 337.04 Crores and consolidated revenue of Rs. 336.55 Crores (including other income) in the previous year thereby registered a growth of 45% on standalone and consolidated basis over the previous year. The standalone and consolidated Profit before Tax (PBT) was Rs. 57.16 Crores and Rs. 57.07 Crores as compared to Rs. 44.32 Crores and Rs. 44.21 Crores respectively over the previous year. The standalone and consolidated Profit after Tax (PAT) stood at Rs. 44.72 Crores and

Rs. 44.63 Crores as compared to Rs. 31.44 Crores and Rs. 31.33 Crores over the previous year. EBITDA grew by 35% to Rs. 86.6 Crores from Rs. 64.4 Crores.

We commenced the year on an encouraging note, with growth in Revenues and PAT, which came in despite several challenges faced during Q1FY22. We traversed through all these short-term setbacks to demonstrate a sustainable performance driven by robust execution and elevated utilisation levels at all our plants.

In a significant development, we commenced Phase I and Phase II commercial operations of Organic Chemicals at full scale at Dahej SEZ plant during the year under review, given the robust demand visibility. With this, we will be able to focus on niche

complex chemicals that require multiple steps which will enhance our earnings profile. With completion of Phase I and Phase II Expansions and other brownfield expansions, the total organic chemicals manufacturing capacity of the Company increased from 130 Kilo litres of Reactor capacity to 407 Kilo litres of Reactor capacity and the aggregate manufacturing capacity of Inorganic Chemicals was doubled to 2,400 MT p.a. after the commencement of operations in Feb. 2020 at Dahej SEZ Plant. The entire team at Dahej SEZ plant contributed towards the implementation of this project in the short span of time with full dedication and focused approach.

This new, state-of-the-art facility of international standard will significantly bolster the performance momentum of Neogen, as it will allow us to deliver greater value addition through multi-stage processes and complex chemistries. The newly commissioned organic MPP plants (Phase I & II) were stabilizing with sustained improvement in utilisation levels by Q4FY22. Further the installation of Zero Liquid Discharge (ZLD) System at our Greenfield Project at Dahej SEZ plant has allowed us to recycle 75% of the water required KL/ day.

Our Dahej SEZ plant received ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications from Bureau Veritas Certification Holding SAS and has also earned GMP (Good Manufacturing Practices) certification from SGS. We carry forward the 30-year legacy of supplying consistent quality products and surpass customer expectations.

In Q2FY22 the Company had navigated through numerous headwinds to deliver a solid performance with increase in the revenues by 38% and PAT by 51%, given the efforts of running the facilities at higher utilization levels supported by incremental contribution from Phase I expansion.

In Q3FY22 the revenue growth stood at 56%, translating into highest-ever quarterly revenue run rate of Rs. 133 Crores. In Q3FY22 the company approved a capex of Rs. 35 Crores for setting up a plant to produce electrolyte for Lithium Ion batteries advance chemistry cells; setting up of dedicated Pilot Plant facility to speed up process development and commercialization of speciality chemicals and overall site development.

Neogen undertook exciting initiatives in the lithium-ion battery materials segment to capitalize on the strong demand trajectory and expand its addressable market size. The company sees a positive demand in this space and is having discussions with potential

cell manufacturers, including overseas players for electrolyte and international customers/ distributors interested in lithium salts for Electrolyte formulations. All these initiatives would significantly improve our revenue trajectory over the next few years. The road ahead appears equally exciting for us, and we remain vigilant of growing opportunities in the chemicals and lithium-ion battery materials for Electric Vehicles (EV) space. In the interim, we are closely studying the market for battery materials and evaluating promising opportunities in the sector.

Further during the year under review, we successfully raised Rs. 225 Crores equity on preferential allotment basis adding some of the high-quality, marquee institutional investors that participated which includes SBI MF, Axis MF, Plutus Wealth Management LLP and White Oak Capital, with an objective to support our growth initiatives and capitalise on the upcoming high-potential opportunities across advanced intermediates, custom synthesis and manufacturing, and lithium-ion battery materials space. The idea is to be future ready and gain first mover advantage in some of these high potential opportunities, while retaining our balance sheet strength. The funds were proposed to be utilised for funding the long term growth and expansion of business, financing CAPEX and working capital requirements, pre- payment and re-payment of loans, other general corporate purpose and other purposes as may be permitted under the law.

During the year the company has appointed an agent in Europe- Chemgo AG. Chemgo is located in Basel, Switzerland to obtain business for the company and to stock the ready material to enable prompt delivery, whenever required by customers.

We are glad to have concluded the year on a high note despite unprecedented challenges posed by inflation in raw material prices and utility costs, as well as supply-chain disruptions. During the year, we scaled new heights and achieved our revenue benchmark by growing 45% over FY 2020-21. Profitability metrics mirrored the momentum in revenues, further bolstered by manufacturing efficiencies and prudent cost management.

Our focus will be to leverage our knowledge and expertise in key chemistries to deliver profitable performance in the long run. Our future expansion will be more modular in nature and we will continue to evaluate newer opportunities to cement our leadership position in niche chemistries.

3. Responding to an unprecedented challenge posed by the COVID-19 Pandemic:

The Company faced logistical issues as well as supply chain disruptions during the initial quarters of FY 2021-22, due to COVID-19 but we traversed through all these short-term setbacks to demonstrate a sustainable performance driven by robust execution and elevated utilisation levels at all our plants. With significant reduction in COVID-19 caseloads across the country as well as sharp recovery in the economic activity, the performance amplified in the ensuing quarters of FY 2021-22.

We reported a strong performance despite a challenging macro environment mirrored by sudden spike in utility costs, combined with onset of Omicron variant during the third quarter of the year under review.

The Company undertook several changes in employee transport, adoption of work-from-home policy for its non-manufacturing employees, additional incentives for operations team and contract workers and COVID specific insurance benefits for employees and some of their family members were provided. In addition, systems were put in place to ensure proper sanitation and social distancing norms. With all the necessary precautions for the safety and security of its employees, Neogen not only resumed operations at its plants but also worked on keeping the greenfield project at Dahej SEZ plant on track.

The Company did not avail moratorium offered by the Reserve Bank of India for repayment of its debt obligations and continued to service its debt on time and the Company had adequate liquidity support for meeting its fund requirements.

All the employees were vaccinated for both doses 100% and we continue with the booster doses as applicable.

7. Share Capital

The paid-up share capital of the Company is as given hereunder:

Particulars	Opening Balance as on April 1, 2021	Closing Balance as on March 31, 2022
Equity shares:		
- Number of shares	2,33,34,606	2,49,39,316*
- Amount	23,33,46,060	24,93,93,160

The impact of COVID-19 on the operations and financials of the Company depends on future developments that are uncertain and un-predictable. The company is continuously monitoring the economic conditions and has outlined certain measures to combat the pandemic situation and to minimize the impact on its business.

4. Change in the Nature of Business:

There was no change in the nature of business or the business line of the Company.

5. Dividend:

The Board had recommended a final Dividend of Rs. 2.25 per equity share for the financial year 2020-21, which was approved by the shareholders at its 32nd Annual General Meeting held on September 28, 2021 amounting to Rs. 5.25 Crores.

The Dividend Distribution Policy ("Policy") of the Company formulated in accordance with the terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), which endeavors for fairness, consistency and sustainability while distributing profits to the shareholders and is made available at the website of the Company at <https://neogenchem.com/wp-content/uploads/Dividend-Distribution-Policy.pdf>

For the FY 2021-22, based on performance of the company, the board of the Company is pleased to recommend a final dividend of Rs. 2.75 per equity share. If the dividend as recommended by the Board is approved at the 33rd Annual General Meeting the total outflow towards Dividend on equity share would be Rs.6.86 Crores.

6. Reserves

Your Company has not transferred any amount to General Reserves during the financial year under review.

The Board of Directors at its meeting held on December 8, 2021, inter alia approved the issue, offer and allotment of 16,04,710 equity shares on preferential basis for cash consideration subject to the approval of shareholders of the Company. Subsequently the shareholders of the Company at its Extra Ordinary General meeting held on December 31, 2021 had approved issue, offer and allotment of 16,04,710 shares of face value of Rs. 10 each on preferential basis at an issue price of Rs. 1,402.12 per Equity Share (including a premium of Rs. 1,392.12 per Equity Share) aggregating up to Rs. 225 Crores to the identified investors. The allotment of the said equity shares of the Company on a preferential basis was done on January 6, 2022. The Equity shares were then listed at BSE Limited and National Stock Exchange of India Limited.

Utilization of Proceeds raised through Issue of Equity Shares on Preferential basis

The proceeds were utilized towards the objects it was raised for and there was no deviation or variation

in the utilisation of funds raised through issue of Equity Shares on preferential basis. Out of the proceeds of Rs. 225 Crores raised through issue and allotment of equity shares on preferential basis, Rs. 148.82 Crores was utilised and the balance Rs. 76.18 Crores was unutilised as on March 31, 2022 and the statement in this respect was placed before the Audit Committee of the Company for review and after such review the same was submitted to the Stock Exchange and the same is also available at the website of the Company at <https://neogenchem.com/wp-content/uploads/variation-may-2022.pdf>.

Buy Back of Securities/ Sweat Equity/ Bonus Shares/ Issue of Shares with Differential Rights

During the year under review the Company has not bought back any of its securities, nor has it issued any Sweat Equity or Bonus Shares or Equity Shares with Differential Rights.

8. Board of Directors and Key Managerial Personnel:

The directors of the Company as on March 31, 2022 are:

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

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 33rd AGM, Dr. Harin Kanani (DIN: 05136947), Managing Director was eligible to retire by rotation but as his re-appointment as a Managing Director of the Company forms part of the agenda of the Notice of 33rd AGM, Mr. Shyamsunder Upadhyay (DIN: 07274873) Whole Time Director, shall retire by rotation and being eligible, offers himself for re-appointment.

A detailed profile of Mr. Shyamsunder Upadhyay 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 33rd AGM.

Change in Designation:

During the year under review, Mr. Shyamsunder Upadhyay (DIN: 07274873), Executive Director of the Company was appointed as a Whole Time Director of the Company, liable to retire by rotation, for a period of three years starting from August 7, 2021 till August 6, 2024 as per the provisions of Section 203 of the Companies Act, 2013 ("the Act"), read with other relevant provisions

and rules made thereunder and Regulation 30 of the Listing Regulations.

Re- appointment:

Dr. Harin Kanani (DIN: 05136947) was appointed as a Managing Director of the Company, liable to retire by rotation, w.e.f. July 22, 2017 for a term of 5 years ending on July 21, 2022.

Based on recommendation being received from the nomination and remuneration committee of the Company and after taking into account the performance evaluation of his first term of five years and considering the knowledge, acumen, expertise, experience and the substantial contribution he brings to the Board, the Board at its meeting held on July 18, 2022, has approved the re- appointment of Dr. Harin Kanani as a Managing Director for a term of 5 years starting from July 22, 2022 till July 21, 2027, liable to retire by rotation, subject to the approval of the shareholders at the 33rd AGM of the Company. This proposal forms part of the agenda of the Notice of 33rd AGM of the Company.

Declaration by Directors:

The Independent Directors of the Company have separately submitted a declaration of independence, as required, pursuant to the provisions of Section 149(7) of the Act, stating that they meet the criteria of independence, as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations; and are not disqualified from continuing as Independent Directors of your Company. Further, all the Independent Directors of your Company have confirmed their registration / renewal of registration, on Independent Directors' Databank.

Your Company has in place, a Code of Conduct for the Board of Directors, Key Managerial Personnel and Senior management personnel, which reflects the legal and ethical values to which your Company is strongly committed. Also pursuant to the requirements of Regulation 26(3) of the Listing Regulations, all members of the Board of Directors, Key Managerial Personnel and Senior Management Personnel have affirmed compliance with the code of conduct for Board of Directors, Key Managerial Personnel and senior management Personnel during the financial year ended March 31, 2022. The said code is available on the website of the Company at <https://neogenchem.com/wp-content/uploads/Code-of-Eithics-for-Directors-KMP-and-Other-Memebrs-of-Senior-Management.pdf>

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 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, Board and Management Relations, Board Strategy and Risk Management, Stakeholder value and responsibility, information and functioning.

The Board of Directors formally assess their own performance based on parameters which, inter-alia, include performance of the Board on deciding long term strategies, rating the composition and mix of Board members, discharging of governance and fiduciary duties, handling critical and dissenting suggestions, etc. The parameters for performance evaluation of the Directors include contributions made at the Board meeting, attendance, instances of sharing best and next practices, domain knowledge, vision, strategy, engagement with senior management etc.

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 March 25, 2022.

Familiarization Programmes for Independent Directors:

Pursuant to provisions of Regulation 25 of the Listing Regulations, the Company has formulated a programmes for familiarizing the Independent Directors, with regard to 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 programmes are available on the Company's website at <https://neogenchem.com/corporate-governance/#familiarization-programme/>

9. Particulars of Employees:

The information required under Section 197 (12) of the Act, 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 Act, 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 Act, the Annual Report and accounts are being sent to the members and others entitled thereto, excluding the information on employee's particulars which will be available for inspection on request being sent by the member during business hours on all working days excluding Sunday and national holidays up to the date of 33rd AGM. Any member interested in obtaining a copy thereof, may write to the Company Secretary at investor@neogenchem.com.

10. Committees & meetings:

The Company has duly constituted the following mandatory Committees in terms of the provisions of the Act, read with relevant rules framed thereunder & Listing Regulations:

- a) Audit Committee
- b) Stakeholders Relationship Committee
- c) Nomination and Remuneration Committee
- d) Corporate Social Responsibility Committee
- e) Risk Management 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 8 (Eight) times, that is, on May 29, 2021, August 7, 2021, October 30, 2021, December 8, 2021, January 3, 2022, January 29, 2022, March 5, 2022 and March 24, 2022 during the financial year under review. The maximum interval between any two meetings did not exceed 120 days, as prescribed by the Act.

Audit Committee Meetings:

The Audit Committee met 6 (Six) times during the year, that is, on May 29, 2021, August 7, 2021, October 30, 2021, December 8, 2021, January 29, 2022 and March 24, 2022.

Stakeholders Relationship Committee Meetings:

The Stakeholders' Relationship Committee met once during the year on August 7, 2021.

Nomination and Remuneration Committee Meetings:

The Nomination and Remuneration Committee met once during the year, that is, on August 7, 2021.

CSR Committee Meeting:

The CSR committee met twice during the year on May 29, 2021 and August 7, 2021.

Risk Management Committee:

The Board of Directors ("Directors") of your Company have constituted Risk Management Committee in accordance with the recent amendments in Regulation 21 of the Listing Regulations, at its meetings held on May 29, 2021. The details pursuant to the requirement of Regulation 21 and Schedule V (C) Para 5A of the Listing Regulations pertaining to role, terms of reference and constitution of the Risk Management Committee of the Company have been provided in the Corporate Governance Report which forms part of this Annual Report.

The Risk Management committee met twice during the year on March 12, 2022 and March 29, 2022.

The Committee details and the Risk Assessment and Management Plan are made available on the website of your Company at <https://neogenchem.com/corporate-governance/> and <https://neogenchem.com/wp-content/uploads/Risk-Assessment-and-Management-Plan.pdf> respectively.

Independent Directors meeting:

Independent Directors met once during the year under review on March 25, 2022

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 Dhara Fine Chem Industries. Neogen holds 90% of the capital contribution in a partnership firm. 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 and section 129 (3) of the Act forming part of this report. In accordance with Section 136 of the Act, the Audited Financial Statements, including Consolidated Financial Statements and related information are available on the

Company's website at <https://neogenchem.com/annual-reports-2/>. 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 the Joint Venture 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 Act and the Rules made thereunder, it is mandatory to rotate the statutory auditors on completion of the maximum term permitted under the provisions of the Act. In line with the requirements of the Act, 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 30th AGM of the Company held on September 20, 2019 till the conclusion of the 35th 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.

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, 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 does not contain any modified opinion, qualifications, reservations or adverse remarks for the year under review 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 Act.

Secretarial Auditors:

Pursuant to the provisions of Section 204 of the Act and Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014, as amended from time to time and Regulation 24A of Listing Regulations,

the Company has appointed DVD and Associates, Practising Company Secretaries, as Secretarial Auditors of the Company to undertake the Secretarial Audit for the FY 2022-23. 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.

The Secretarial Audit Report for the financial year ended March 31, 2022 is annexed herewith as Annex - 2 to this Report. The Secretarial Auditors' Report for the financial year ended March 31, 2022 does not contain any qualification, reservation or adverse remark.

Cost Auditors:

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 Financial Year 2021-22 as per the provisions of the Act. The Cost Auditors' Report for the financial year ended March 31, 2022 does not contain any qualification, reservation or adverse remark.

In terms of Section 148 of the Act read with the rules framed thereunder, the Board of the Company on recommendation being received from the Audit committee, has appointed Kishore Bhatia & Associates, Cost Accountants, (Firm Registration No. 00294) as Cost Auditor of the Company, to conduct audit of the Cost records of the Company for the financial year ending on March 31, 2023 at a remuneration of Rs. 3,00,000 subject to ratification of remuneration by the shareholders at the 33rd AGM by passing a resolution as set out in Item No. 5 of the Notice of 33rd AGM.

Kishore Bhatia & Associates have confirmed that they are free from disqualification specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Act and that the appointment meets the requirements of Section 141(3) (g) of the Act. They have further confirmed their independent status and an arm's length relationship with the Company.

Reporting of Frauds:

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditors have not noticed any instances of frauds committed in the Company by its officers or employees, to the Audit Committee under Section 143(12) of the Act details of which needs to be mentioned in this Report.

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 Listing 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. The Board has constituted Risk Management Committee which would be reviewing this policy henceforth on periodic intervals. The Committee details and the Risk Assessment and Management Plan are made available on the website of your Company at <https://neogenchem.com/corporate-governance/> and <https://neogenchem.com/wp-content/uploads/Risk-Assessment-and-Management-Plan.pdf> respectively. The Salient features of the Risk Assessment and Management Plan ("the policy") are:

- Lay down a framework for identification, measurement, evaluation, mitigation & reporting of various risks.
- Risk management allows Neogen to minimize losses and capitalize on opportunities.
- Understanding risk and Neogen's appetite for risk will be key considerations in Neogen's decision making.
- Evolve the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects, which the business and operations of the Company are exposed to.

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 Mechanism is designed for enabling all the stakeholders to communicate their concerns

about illegal or unethical practices, fraud or violation of Company's Code of Conduct if any, freely. No personnel of the Company have been denied access to the Chairperson of the Audit Committee. During the year under review, no complaints were received under the Whistle Blower Policy.

The functioning process of this mechanism has been elaborated in the Corporate Governance Report forming a part of this Annual Report. The said policy can be accessed on the company's website at <https://neogenchem.com/wp-content/uploads/Whistle-Blower-Policy.pdf>

17. Policy on Directors' Appointment and Remuneration:

The Company has adopted a Nomination and Remuneration policy, the 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 section 178 (3) of the Act read with relevant rules made thereunder and Listing Regulations 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/wp-content/uploads/NRC-Policy-NCL.pdf>. 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 on March 31, 2022, 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.

18. Extract of Annual Return:

Pursuant to the requirement of section 92(3) of the Act and rule 12(1) of the Companies (Management and Administration) Rules, 2014, a copy of annual return can be accessed on our website at https://neogenchem.com/financial-performance/#all_tab1

19. 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 or its status as a “Going Concern”.

20. 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.

There is no Corporate Insolvency Resolution Process initiated under the Insolvency and Bankruptcy Code, 2016.

21. 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 company’s 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, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures and ensuring compliance with the policies of the Company.

22. DEPOSITS

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

23. Particulars of Loans, Guarantees or investments under section 186

The Company has not provided any guarantee or security for any loan nor has made any investments during the Financial Year under review. The Company has granted inter corporate deposit (ICDs) of Rs. 15 Crores during the year under review pursuant to section 186 of the Companies Act, 2013. In terms of Section 134 of the Companies Act, 2013, the particulars of loans, guarantees and investments made by the Company under Section 186 of the Companies Act, 2013 are detailed in Notes to the standalone financial statements.

The Company has granted loan to and holds investment in its Joint Venture Firm 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 are not applicable to the Company. Particulars of loans/ ICDs given to and investment made by the Company is provided in the Financial Statements which may be read in conjunction with this report.

24. Particulars of Contracts or Arrangements with Related Parties:

The Board of Directors has adopted a policy on related party transactions. As per the Policy on related party transactions, all transactions with related parties were reviewed and approved by the Audit Committee. Omnibus approval was obtained for related party transactions which are of repetitive nature and entered in the ordinary course of business and on an arm’s length basis. A statement giving details of all related party transactions entered pursuant to omnibus approval so granted is placed before the Audit Committee on a quarterly basis for its review. The said policy is available on the Company’s website <https://neogenchem.com/wp-content/uploads/Policy-on-Materiality-of-Related-Party-Transactions-and-Dealing-with-Related-Party-Transactions.pdf>

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 which sets out the related party transactions disclosures pursuant to IND AS-24. 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 Act, read with Rule 8 of the Companies (Accounts) Rule, 2014.

25. Obligation of the Company under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has 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 and it has also constituted an Internal Complaints Committee to redress the complaints relating to sexual harassment of its women employees at work place and implementation of the said Policy. All employees (permanent, contractual, temporary and trainees) are covered under this policy.

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

26. 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 Act, read with Rule 8 (3) Companies (Accounts) Rules, 2014 is enclosed herewith as "Annex 4" to this Board's Report.

27. Corporate Social Responsibility (CSR)

In accordance with the requirements of the provisions of Section 135 of the Act, the Company has constituted CSR Committee. The Company has revised the CSR Policy pursuant to the Companies (Corporate Social Responsibility) Amendment Rules, 2021. The revised CSR policy is available on Company's website at <https://neogenchem.com/wp-content/uploads/CSR-Policy.pdf>.

In compliance with the provisions of Section 135 of the 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. 77.76 lakhs as against the statutory requirement of Rs. 76.66 lakhs towards CSR activities through various organizations/trusts engaged in activities specified in Schedule VII of the Act. Your Company has contributed towards CSR activities in the areas of environmental sustainability, promoting education, providing water in village area, providing prosthetic arm, preventive healthcare to combat COVID- 19, rural development and women empowerment projects. The salient features of the CSR policy along with the Report on CSR activities are given in Annex - 5 to this Directors' Report.

28. Directors' Responsibility Statement

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Act, 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, 2022 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.

29. 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.

The Ministry of Corporate Affairs (MCA), Government of India, through its Circular No. 17/2012 dated July 23, 2012 has directed companies to upload on the company's website information regarding unpaid and unclaimed dividend. Pursuant to the said IEPF Rules, the Company has uploaded the details of unpaid and unclaimed dividend on its website at <https://neogenchem.com/unclaimed-unpaid-dividend/>

30. Credit Rating

CRISIL Ratings Limited carried out annual review of credit facilities availed by the Company and has vide its letter dated May 17, 2021, reaffirmed the rating of a Long Term Banking Facilities as CRISIL A-/ Stable (reaffirmed) and a Short Term Banking Facilities as CRISIL A2+ (reaffirmed).

31. Corporate Governance Certificate, Secretarial Audit Report 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 Statutory Auditors, forms part of the Corporate Governance Report.

An Annual Compliance Certificate and a Secretarial Audit Report for the FY 2021-22 from DVD and Associates, Secretarial Auditor of the Company forms part of the Directors Report of the Company as Annex 2 and Annex 6 respectively.

32. Compliance of Secretarial Standard of ICSI

In terms of Section 118(10) of the Act, 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.

33. 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 Financial Year ending on March 31, 2023.

34. 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' ("Code") in the organization. As per the Code, the Company has also adopted Policy on inquiry in case of leak or suspected leak of UPSI and Policy for Determination of Legitimate Purposes ("Policies").

The said Code and policies are available on the Company's website at <https://neogenchem.com/wp-content/uploads/Code-of-Conduct-for-Prevention-of-Insider-Trading.pdf>. The Code lays down guidelines for procedures to be followed and disclosures to be made by insiders while trading in the securities of the Company.

The 'Trading Window' remains closed from the end of every quarter till 48 hours after the declaration of financial results and the same is closed when Compliance Officer determines that Designated Persons can reasonably be expected to have possession of Unpublished Price Sensitive Information. Ms. Unnati Kanani, 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.

35. Acknowledgements

The Directors express their appreciation for the sincere co-operation and assistance of Central and State Government authorities, bankers, customers, suppliers, investors and business associates. The Directors also wish to place on record their deep sense of appreciation for the committed services rendered by each and every employee of Neogen Family. 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**

Dr. Harin Kanani
Managing Director
DIN: 05136947

Place: Thane
Date: August 6, 2022

ANNEX 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. 0.0345 Crores

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, 2022:

Sr. No	Name of the Director	Ratio of remuneration to the median remuneration of the employees
1.	Haridas Kanani	18.62
2.	Dr. Harin Kanani	17.42
3.	Sanjay Mehta	0.81
4.	Hitesh Reshamwala	0.84
5.	Shyamsunder Upadhyay	17.42
6.	Anurag Surana	Not Applicable
7.	Prof. Ranjan Kumar Malik	0.57
8.	Avi Sabavala	0.84

II) The percentage increase in remuneration of each Director, CFO, CS or Manager if any for the financial year ending March 31, 2022:

Sr. No	Name of the Director	Ratio of remuneration to the median remuneration of the employees
1.	Haridas Kanani	12%
2.	Dr. Harin Kanani	14%
3.	Sanjay Mehta	Not Applicable
4.	Hitesh Reshamwala	Not Applicable
5.	Shyamsunder Upadhyay	14%
6.	Anurag Surana	Not Applicable
7.	Prof. Ranjan Kumar Malik	Not Applicable
8.	Avi Sabavala	Not Applicable
9.	Ketan Vyas	18 %
10.	Unnati Kanani	14%

III) The percentage increase/ (decrease) in the median remuneration of employees in the financial year ending March 31, 2022: 3.17%

IV) The number of permanent employees on the rolls of the Company as on March 31, 2022: 493

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 61.57% and the average % increase in Key Managerial Personnel's Remuneration was 13.50 % over the previous year. The increase in KMP remuneration was based on the recommendations of the Nomination & Remuneration Committee, to revise the remuneration as per Industry Benchmark.**
- VIII) There are no employees getting remuneration higher than that of the Chairman and Managing Director**
- IX) Key parameters for any variable component of remuneration availed by the directors – N.A.**
- X) It is affirmed that the remuneration paid is as per the Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other Senior Managerial Personnel's of the Company.**

Dr. Harin Kanani, Managing Director is a son of 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**

Dr. Harin Kanani
Managing Director
DIN: 05136947

Place: Thane
Date: August 6, 2022

ANNEX 2

FORM NO. MR-3 SECRETARIAL AUDIT REPORT

For the financial year ended March 31, 2022

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members

NEOGEN CHEMICALS LIMITED

Office No. 1002 10th Floor Dev Corpora Bldg.
Opp. Cadbury Co Pokhran Road No. 2
Khopat Thane MH 400601 INDIA

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**”), listed at BSE Limited and National Stock exchange of India Limited.

The Secretarial Audit was conducted for the year from April 1, 2021 to March 31, 2022 (“**Audit Period**”), in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances of the Company and expressing our opinion thereon. We have been engaged as Secretarial Auditors of the Company to conduct the Audit of the Company to examine the compliance of Companies Act and the laws specifically listed herein.

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 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Audit Period according to the provisions of the following list of laws and regulations as amended from time to time. The following are our comments on the same:

- (i) **The Companies Act, 2013 (the Act) and the Rules made there under:** The Company has satisfactorily complied with the provisions of the Companies Act, 2013 and the Rules made there under and there are no discrepancies observed by us during the Audit Period under review.
- (ii) **The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the Rules made there under:** The Company has satisfactorily complied with The Securities Contracts

(Regulation) Act, 1956 (‘SCRA’) and the Rules made there under during the Audit Period under review.

- (iii) **The Depositories Act, 1996 and the Regulations and Bye-laws framed there under:**

The Company is a listed public company and 100% of the shares were in dematerialized form. Further the Company has complied with the provisions of The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.

- (iv) The Company has satisfactorily complied with the provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings and there are no discrepancies observed by us during the Audit Period under review.

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

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
- (d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014: **(Not applicable for the Audit Period under review)**
- (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: **(Not applicable for the Audit Period under review)**
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable for the Audit Period under review)**
- (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, 2018: **(Not applicable for the Audit Period under review)**
- (i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015:
- (j) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999: **(Not applicable for the Audit Period under review)**

The provisions of Acts, Regulations and Guidelines mentioned above and prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are duly complied by the Company.

(vi) Other applicable laws:

As per the confirmation received from the Management the following are the laws specifically applicable to the Company during the Audit Period under review:

- i. Chemical Weapons Convention Act, 2000
- ii. The Poison Act, 1919
- iii. The Petroleum Act, 1934

The applicable provisions under the above mentioned Act, Rules, Regulations and Guidelines are duly complied by the Company during the Audit Period under review.

- (vii) The Company has a Compliance Management System and processes which 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 Bombay Stock Exchange Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations.

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

We further report that: -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. Further during the Audit Period under review the Company has appointed Mr. Shyamsunder Upadhyay as a Whole Time Director of the Company for a term of 3 years starting from August 7, 2021 and the same was approved by the shareholders at its 32nd AGM held on September 28, 2021.

Adequate notice is given to all the Directors to schedule the Board and its Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, other than those held at shorter notice in compliance with the provisions of the Act and Secretarial Standards and a system exists for seeking and obtaining further information and clarifications on the agenda items prior to 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.

The following major decisions, specific events / actions have occurred which has a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc:

- a. The Company had offered, issued and allotted 16,04,710 equity shares of Rs. 10/- each at an issue price of Rs. 1,402.12/- (including a premium of Rs. 1,392.12/- per share) on preferential basis aggregating up to Rs. 225 Crores to the identified investors. The Company had obtained the approval of shareholders by way of passing a Special Resolution at an Extra Ordinary General Meeting held on December 31, 2021 and the equity shares were allotted on January 6, 2022. The Equity Shares so allotted were listed at BSE Limited and National Stock Exchange of India Limited. Pursuant to the above allotment the Paid up capital of the Company increased from Rs. 23.33 Crores to Rs. 24.94 Crores.

FOR DVD & ASSOCIATES
Company Secretaries

Devendra Deshpande

FCS No. 6099 CP No. 6515

PR. No. 1164/2021

UDIN: F006099D000756233

Date: August 6, 2022

Place: Pune

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.

ANNEX A

To,
The Members

Neogen Chemicals Limited

Office No, 1002 10th Floor Dev Corpora
Bldg Opp. Cadbury Co Pokhran Raod No.2
Khopat Thane MH 400601 IN

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

Devendra Deshpande

Date: August 6, 2022
Place: Pune

FCS No. 6099 CP No. 6515
PR. No. 1164/2021

ANNEX 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 Associates/Joint Ventures	Dhara Fine Chem Industries
1. Latest audited Balance Sheet Date	March 31, 2022
2. Shares of Associate/Joint Ventures held by the company on the year end	
No.	Not Applicable
Amount of Investment in Associates/Joint Venture	Rs. 0.45 Crores
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 associate/joint venture is not consolidated	Not applicable. The financial statement of Joint venture is consolidated under Equity Method of accounting of Investments.
5. Networth attributable to Shareholding as per latest audited Balance Sheet	Rs. 0.74 Crores
6. Profit / Loss for the year	Rs. 0.19 Crores
i. Considered in Consolidation	Rs. 0.18 Crores
ii. Not Considered in Consolidation	Rs. 0.02 Crores (attributable to other partner)

1. Names of associates or joint ventures which are yet to commence operations: **Not applicable**

2. Names of associates or joint ventures which have been liquidated or sold during the year: **Not applicable**

For JMT & Associates

Chartered Accountants
Firms Registration No.104167W

Jayesh J Shah

Partner
Membership No. 039910

Place: Thane

Date: August 6, 2022

For and on behalf of the Board of Directors

Neogen Chemicals Limited

Haridas Kanani

Chairman and Managing Director
DIN: 00185487

Ketan Vyas

Chief Financial Officer

Dr. Harin Kanani

Managing Director
DIN:05136947

Unnati Kanani

Company Secretary
Membership No. : A35131

ANNEX 4

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"> Energy is conserved by installing energy efficient equipment's. Installed Variable Frequency Drives (VFD) on large capacity Motors. We have LEDs all over the plants. We are using PNG/ CNG (which is a clean fuel) for generating steam at our Dahej and Mahape plant instead of other fuels. The Company installed a Zero Liquid Discharge system at its Greenfield project at Dahej SEZ plant. The company has installed the utility lines with adequate insulations to avoid the transfer of heat in the atmosphere and use its maximum equipment efficiently with minimum energy consumption at its Dahej SEZ Plant. The Company is exploring opportunities in Lithium Ion Battery space and has taken development initiatives for electrolyte formulations, Electrolyte Lithium Salts and additives, Specialized Cathode Materials and CSM and advanced intermediates opportunities. Lithium-ion batteries contain relatively low levels of toxic heavy metals found in other types of batteries, this will help in less emission of gases with inherent safe chemistry. The Company recycles/ reuses/ re-processes lithium products to make same level of Fresh products quality. It will help in conservation of natural resources, promote green energy and reduce the use of crude.
(ii) the steps taken by the company for utilizing alternate sources of energy	PNG is used in the boiler which is a clean fuel and gives a good efficiency with lower fuel to steam ratio.
(iii) the capital investment on energy conservation equipment's.	N.A.

(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"> Addition of new product. Process improvements for existing products Increase in Market Share Increase in production capacity utilization Improvement in Quality Increase in productivity
(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	N.A.
(a) the details of technology imported	N.A.
(b) the year of import;	N.A.
(c) whether the technology been fully absorbed	N.A.
(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	N.A.
(iv) the expenditure incurred on Research and Development	Rs. 0.30 Crores is capital expenditure on R&D. Rs. 4.70 Crores is revenue expenditure on R&D.

(c) Foreign Exchange Earnings and Outgo

The foreign exchange earning was Rs. 134.95 Crores and outgo for the financial year were Rs. 133.69 Crores for Import & Rs. 1.01 Crores for expenditure in foreign currency.

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

Dr. Harin Kanani
Managing Director
DIN: 05136947

Place: Thane
Date: August 6, 2022

ANNEX 5

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013 ('the Act') & Rules made thereunder]

1. Brief outline on CSR Policy of the Company.

As a responsible Company, it has since its inception participated in Corporate Social Responsibility (CSR) activities which help in improving quality of life for the communities where it operates. Being a Specialty Chemical Manufacturing Company committed to clean and green technology, we have same approach while making CSR contribution with focus area being environment sustainability and improving and empowering the livelihood of surrounding rural communities by supporting towards their health, wellness, water, sanitation and hygiene needs especially those that are marginalized.

The Company has revised the CSR Policy pursuant to the Companies (Corporate Social Responsibility) Amendment Rules, 2021. The revised CSR policy is available on Company's website at <https://neogenchem.com/wp-content/uploads/CSR-Policy.pdf>. The CSR policy provides the lists of CSR activities which the company will undertake in specified focus areas which are within the overall ambit of Schedule VII to the Companies Act, 2013 and ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting.

In accordance with the requirements of the provisions of Section 135 of the Act, the Company has constituted a CSR Committee. The Committee decides/recommends to the Board from time to time on CSR activities to be undertaken, the geographical area covered, agencies or trusts or NGOs with which the projects/activities are to

be undertaken, amount to be spent on various projects whether ongoing or fresh.

While deciding on the CSR activities, priority is given to the needs and requirements of communities or area in the vicinity of the manufacturing facilities of the Company.

The Company undertakes its CSR activities through various projects/programmes in specified focus areas which are within the overall ambit of Schedule VII to the Companies Act, 2013.

During the period under review, the Company has spent its CSR funds in diversified areas as follows:

- a. Water Management Programmes in villages which includes contribution towards construction of Borewells and Tubewells;
- b. Supporting wormiculture and providing wormicompost beds and supporting Gobar Gas Project thereby ensuring environmental sustainability and agriculture development;
- c. Promoting education amongst Children;
- d. promoting health care including preventive health care and sanitation and Disaster Management;
- e. Contribution towards Combating COVID Pandemic.
- f. Supporting Women Empowerment Projects; and
- g. Rural Development Projects

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Haridas Kanani	Chairman and Managing Director	2	1
2	Avi Sabavala	Independent Director	2	2
3	Anurag Surana	Non-Executive and Non Independent Director	2	2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

<https://neogenchem.com/wp-content/uploads/CSR-Policy.pdf>

<https://neogenchem.com/corporate-governance/>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

Impact Assessment is not applicable for FY 2021-22.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Name of Director	Amount available for set-off from preceding financial years (Rs. in lakhs)	Amount required to be set-off for the financial year, if any (Rs. in lakhs)
1	2020-21	0.56	-
2	2021-22	1.10	-
TOTAL		1.66	-

6. Average net profit of the company as per section 135(5). Rs. 3833.12 lakhs

7. (a) Two percent of average net profit of the company as per section 135(5) Rs. 76.66 lakhs

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. NIL

(c) Amount required to be set off for the financial year, if any: NIL

(d) Total CSR obligation for the financial year (7a+7b- 7c). Rs. 76.66 lakhs

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (Rs. in lakhs)	Amount Unspent (Rs. in lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
Rs. 77.76 lakhs	3.72	April 28, 2022	N.A.	N.A.	N.A.

- (b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project State District	Project duration	Amount allocated for the project (Rs in lakhs)	Amount spent in the current financial Year (Rs in lakhs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (Rs. in lakhs)	Mode of Implementation-Direct (Yes/No).	Mode of Implementation-Through Implementing Agency Name CSR Registration number
1	Sahashikshak ii Project	ii	Yes	Maharashtra Thane	14 months	4.2	0.48	3.72	No	Rotary Club of Thane Uptown Association CSR00014711

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1) Sr. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/No)	(5) Location of the project		(6) Amount spent for the project (Rs. In lakhs)	(7) Mode of implementation Direct (Yes/No).	(8) Mode of implementation Through implementing agency	
				State	District			Name.	CSR Registration number.
1.	COVID-19 Relief – providing necessities to combat COVID-19	xii	Yes	Gujarat	Vadodara	0.36	Yes	N.A.	N.A.
2	Providing Prosthetic Arms	i	Yes	Gujarat and Maharashtra	Pune and Surat	6.50	No	Inali Foundation	CSR00000965
3.	Health Checkup Camps & Awareness organised by NMMC	i	Yes	Maharashtra	Navi Mumbai	0.15	Yes	N.A.	N.A.
4	Scholarships to the Students of IIT	ii	Yes	Maharashtra	Mumbai	27.20	No	Indian Institute of Technology -Bombay	CSR00007536
5.	Providing Smart Phones to Student so as to enable them to attend online lectures	ii	Yes	Gujarat	Ahmedabad	1.97	Yes	N.A.	N.A.
6.	Vasantshala	ii	Yes	Gujarat	Tejgadh	6.00	No	Bhasha Research and Publication Centre	CSR00006659
7.	Providing Rooftop for schools	ii	Yes	Maharashtra	Thane	2.25	No	Rotary Club of Thane Uptown Association	CSR00014711
8.	Promoting education amongst Children by contributing towards a Project “Sponsor a Child”	ii	Yes	Maharashtra	Mumbai	4.86	No	Shrimad Rajchandra Aatma tatva Research Centre	CSR00009252
9.	Sponsoring Salaries of Teachers	ii	Yes	Maharashtra	Thane	2.56	No	Omkar Andh -Apang Samajik Sanstha	CSR00003196
10.	Sponsoring Tuition Fees of students	ii	Yes	Maharashtra	Navi Mumbai	0.50	Yes	N.A.	N.A.
11.	Construction of Borewell in Panchmahal Region of Gujarat	i, iv & x	Yes	Gujarat	Panchmahal	1.75	No	Bhasha Research and Publication Centre	CSR00006659
12.	Construction of Well	i, iv & x		Maharashtra	Ratnagiri	3.07	Yes	N.A.	N.A.
13.	Construction of Borewell in tribal villages in south Gujarat	i, iv & x	Yes	Gujarat	Tapi	2.50	No	Tapi Rachnatmak Trust	CSR00011073
14.	Construction of Borewell in tribal villages in south Gujarat	i, iv & x	Yes	Gujarat	Narmada	1.90	No	Tapi Rachnatmak Trust	CSR00011073
15	Agriculture Development by Providing wormicompost beds	iv	Yes	Gujarat	Narmada	0.70	No	Tapi Rachnatmak Trust	CSR00011073
16	Gobar Gas Project	iv	Yes	Gujarat	Surat	2.50	No	Tapi Rachnatmak Trust	CSR00011073
17	Construction of Well for school students	i, ii & iv	Yes	Maharashtra	Shahpur	1.00	No	Rotary Club of Thane Uptown Association	CSR00014711
18	Women Empowerment Project	iii	Yes	Maharashtra	Jalgaon	5.00	No	Bhagini Nivedita Gramin Vigyan Niketan	CSR00015243
19	Construction of Toilet Block	x	Yes	Gujarat	Vadodara	0.73	Yes	N.A.	N.A.
20	Construction of Toilets for Student	x	Yes	Maharashtra	Shahpur	2.06	No	Rotary Club of Thane Uptown Association	CSR00014711
TOTAL						73.56			

- (d) Amount spent in Administrative Overheads: Nil
- (e) Amount spent on Impact Assessment, if applicable: Not Applicable
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e) : Rs. 77.76 lakhs
- (g) Excess amount for set off, if any: Rs. 1.66 lakhs

Sl. No.	Particular	Amount (Rs. in lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	76.66
(ii)	Total amount spent for the Financial Year	77.76
(iii)	Excess amount spent for the financial year [(ii)-(i)]	1.10
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years[(iii)-(iv)]	1.10

9 (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (Rs. in lakhs)	Amount spent in the Reporting Financial Year (Rs. in lakhs)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years. (Rs. in lakhs)
				Name of the Fund	Amount (Rs. in lakhs)	Date of transfer	
1.	2021-22	3.72	0.48	N.A.	N.A.	N.A.	3.72

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs)	Cumulative amount spent at the end of reporting Financial Year (in Rs.)	Status of the project- Completed/ Ongoing.
Not Applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details). Not Applicable

- a) Date of creation or acquisition of the capital asset(s). Not Applicable
- (b) Amount of CSR spent for creation or acquisition of capital asset. Not Applicable
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. Not Applicable
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). Not Applicable

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

For and on behalf of the CSR Committee

Haridas Kanani
Chairman of the Committee
DIN: 00185487

Avi Sabavala
Member of the Committee
DIN: 08246256

Anurag Surana
Member of the Committee
DIN: 00006665

Date: August 6, 2022

ANNEX 6

ANNUAL SECRETARIAL COMPLIANCE REPORT OF NEOGEN CHEMICALS LIMITED FOR THE YEAR ENDED MARCH 31, 2022.

We, DVD & Associates, have examined:

- (a) all the documents and records made available to us and explanation provided by NEOGEN CHEMICALS LIMITED (“the listed entity”). The company is listed at BSE Limited and National Stock Exchange of India Limited.
- (b) the filings/ submissions made by the listed entity to the stock exchanges.
- (c) website of the listed entity is updated as per the provisions of Listing Regulations,
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended March 31, 2022 (“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;
 - 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:

- (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 based on the above examination, we hereby report that, during the Review Period:

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

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

- (b) 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.

- (c) 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:

Sl. 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
1	NA		NA	NA

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

Sl. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended 31.03.2022 (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
NA	NA		NA	NA

FOR DVD & ASSOCIATES
Company Secretaries

Devendra Deshpande

FCS No. 6099 CP No. 6515

PR NO: 1164/2021

UDIN: F006099D000354744

Place: Pune

Date: May 20, 2022

Report on Corporate Governance

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

The Company's Shares were listed at 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 accounts of the belief and practices of the Management in good Corporate Governance. The Company believes in following and implementing fair, transparent and ethical governance practices which is essential for achieving long term goals and enhancing stakeholders Value.

1. Corporate Governance Philosophy:

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2022. 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.

The Company has adhered to the requirements stipulated under Regulations 17 to 27 read with Para C and D of Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations as applicable with regard to Corporate Governance.

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 (“the Act”) and Regulation 17 of the Listing Regulations with regards 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, 2022, of which 5 (Five) are Non-Executive Directors. The Board comprises 4 (Four) Independent Directors including 1 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 Act. 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 fulfill 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 Act 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 7 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 Act or acting 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: Detailed profile of the Directors is available on the Company's website at <https://neogenchem.com/board-of-directors/>

C) Core Skills/Expertise/Competencies of Board:
The Board of the Company comprises eminent personalities and leaders in their respective fields. These Members bring in the required skills, competence and expertise to the Board. These Directors are nominated based on well-defined selection criteria. The Nomination and Remuneration Committee ('NRC') considers, inter alia, key skills, qualifications, expertise and competencies, whilst recommending to the Board the candidature for appointment of Director. The Board of Directors have, based on the recommendations of the NRC, identified and annually reviewed the following core key skills/expertise/competencies of Directors as required in the context of business of the Company for its effective functioning which are currently possessed by the Board Members of the Company and mapped against each of the Directors:

Sr. No.	Skills & Expertise	Haridas Kanahni	Dr. Harin Kanani	Shyamsunder Upadhyay	Anurag Surana	Sanjay Mehta	Hitesh Reshamwala	Prof. Ranjan Malik	Avi Sabavala
1	Leadership	✓	✓	✓	✓	✓	✓	✓	✓
2	Industry experience	✓	✓	✓	✓	✓	✓	✓	✓
3	Science and Technology	✓	✓	✓				✓	
4	IT & Digitalization	✓	✓		✓	✓	✓		
5	Strategy	✓	✓	✓	✓	✓	✓		
6	Finance and Governance	✓	✓	✓	✓	✓	✓	✓	✓
7	HR & Communication	✓	✓	✓	✓	✓	✓		✓
8	Safety & Sustainability	✓	✓	✓	✓	✓	✓	✓	✓
9	Multiple Geography Experience	✓	✓	✓	✓	✓	✓		

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 fulfill board and committee responsibilities, strategic thinking, integrity with high ethical standards, trust, accountability and avoid situations leading to conflict of interest.
- Any person to be appointed as Director shall not possess the disqualifications contained in the Act, as amended from time to time.

II. Independent Directors

The Board comprises of 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. In the opinion of the Board, the Independent Directors fulfil the conditions of independence specified in the Act and the Listing Regulations and are independent of the management.

II Independent Directors of the Company have been appointed as per the provisions of the Act and the Listing Regulations.

As required by Regulation 46 of the Listing Regulations, the terms and conditions of their appointment are disclosed on the Company's website at <https://neogenchem.com/wp-content/uploads/Terms-and-Conditions-for-Appointment-and-Familiarization-Programme-of-Independent-Directors.pdf>. During the year under review, none of the Independent Directors of the Company resigned.

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. Video conferencing facility is provided to facilitate Directors who are unable to attend the Meeting in person. In compliance with the relaxations granted by the MCA due to the outbreak of Covid-19, the Company has also conducted its Board and Committee Meetings through video conferencing during the year.

At Board Meetings, the Managing Director, CFO, Executive Directors and Company Secretary apprises the Board on the overall performance of the Company, annual business plan and capital expenditure budgets, quarterly, half-yearly and annual financial results, compliance reports on all laws applicable to the Company, Environment, Health and Safety (EHS) performance and minutes of Meetings of Committees of the Board, to enable the Board to discharge its responsibilities effectively, to decide on the strategies and take informed decisions.

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 32nd Annual General Meeting (32nd 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, 2022 are:

Composition of the Board and Directorship held during the FY 2021-22 and meetings attended:

Name of Director	Category	Attendance of zmeeting during the FY 2021-22		Number of Directorships and Committee Chairpersonships/ Memberships as on March 31, 2022 (Including position in the Company)			Name of other Listed entities in which person is a Director / Category of Directorship	Directors Shareholding In the Company
		Board	32 nd AGM	No. of Directorship*	Committee [§]			
					Chairperson	Member		
Haridas Kanani	Promoter, Chairman & Managing Director	8	Yes	1 (chairperson)	0	0	Nil	1,19,00,078
Dr. Harin Kanani	Promoter & Managing Director	8	Yes	1	0	2	Nil	20,00,000
Anurag Surana	Non-Executive & Non- Independent Director	8	Yes	3	0	1	1) Privi Specialty Chemicals Limited- Independent Director 2) Yasho Industries Limited [@] - Independent Director	2,25,000
Sanjay Mehta	Non-Executive Independent Director	8	Yes	3	1	5	1) Span Divergent Ltd- Non Executive Non Independent Director 2) Meera Industries Ltd- Independent Director	2580 [#]
Hitesh Reshamwala	Non-Executive Independent Director	8	Yes	1	0	1	Nil	36
Shyamsunder Upadhyay	Whole Time Director	8	Yes	1	0	1	Nil	80
Prof. Ranjan Kumar Malik	Non-Executive Independent Director	7	Yes	1	1	1	Nil	0
Avi Sabavala	Non-Executive Independent Director	8	yes	2	0	1	1) Munjal Auto Industries Limited- Independent Director	0

* Number of Directorships held excludes Directorships in Private Limited Companies, Foreign Companies, Companies under Section 8 of the Companies Act, 2013, Government Bodies and Alternate Directorships 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.

@ Appointed as an Independent Director of the Company w.e.f. October 1, 2021

The 32nd AGM of the Company for the Financial Year 2020-21 was held on September 28, 2021 through video conferencing ('VC')/other audio-visual means in accordance with the relevant circulars issued by the Ministry of Corporate Affairs and SEBI. All the Directors of the Company were present at the 32nd AGM.

G) Board of Directors Meetings:

The Board of Directors met 8 (Eight) times, that is, on May 29, 2021, August 7, 2021, October 30, 2021, December 8, 2021, January 3, 2022, January 29, 2022, March 5, 2022 and March 24, 2022 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 Act and Secretarial Standard on Meeting of the Board of Directors.

H) Directors' Inter-se Relationship:

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

I) Meetings of Independent Directors:

During the year under review a separate meeting of Independent Directors was held on March 25, 2022 as required under the Schedule IV to the Act (Code for Independent Directors) and Regulation 25(3) of the Listing Regulations. All the Independent Directors had attended the meeting and it was chaired by Sanjay Mehta. At their meeting Independent Directors reviewed the performance of Chairperson, Non – Independent Directors and Board as a whole and assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

Familiarization Programme for Independent Directors

As per Section 149 read with Schedule IV, part III of the Act 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 under the act and regulations, nature of the industry in which the 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/corporate-governance/#familiarization-programme/>

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

During the year under review, Mr. Shyamsunder Upadhyay (DIN: 07274873), Executive Director of the Company was appointed as a Whole Time Director of the Company, liable to retire by rotation, for a period of three years starting from August 7, 2021 till August 6, 2024 as per the provisions of Section 203 of the Companies Act, 2013 ("the Act"), read with other relevant provisions and rules made thereunder and Regulation 30 of the Listing Regulations.

K) Code of Conduct:

The Company has adopted Code of Conduct for Directors, Key Managerial Personnel and Senior Management personnel, which reflects the legal and ethical values to which your Company is strongly committed. The same is available on the Company's website at <https://neogenchem.com/wp-content/uploads/Code-of-Eithics-for-Directors-KMP-and-Other-Memebrs-of-Senior-Management.pdf>. Also pursuant to the requirements of Regulation 26(3) of the Listing Regulations, the Members of the Board, Key Managerial Personnel and Senior Management Personnel of the Company have submitted their affirmation on compliance with the code during the year ended March 31, 2022. A declaration to this effect duly signed by the Managing Director forms part of this Report.

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. During the year under review, no complaints were received under the Whistle Blower Policy.

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 Act 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/Whistle-Blower-Policy.pdf>

3. Committees of the Board:

As required by the Act and Listing Regulations for better governance and accountability, the Board has constituted the following mandatory committees viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee.

The terms of reference of these Committees are determined by the Board and their relevance is 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, Accounts, GST and Taxation.

II. Audit Committee Meetings:

The Audit Committee met 6 (Six) times during the year, that is, on May 29, 2021, August 7, 2021, October 30, 2021, December 8, 2021, January 29, 2022 and March 24, 2022.

III. Composition and Attendance:

Sr. No.	Name	Category	Designation	No. of Meetings	
				Held	Attended
1	Sanjay Mehta	Non-Executive Independent Director	Chairman	6	6
2	Hitesh Reshamwala	Non-Executive Independent Director	Member	6	6
3	Dr. Harin Kanani	Executive Director	Member	6	6
4	Avi Sabavala	Non-Executive Independent Director	Member	6	6

The representatives of the Statutory Auditors, Secretarial Auditors, Internal Auditors and CFO of the Company were invitees to the Audit Committee Meetings who attended the meetings, whenever required.

The Company Secretary acts as the Secretary to the committee.

The previous 32nd AGM held on September 28, 2021 was attended by Sanjay Mehta, the Chairman of Audit Committee.

The Audit Committee acts as a link between the Management, Statutory Auditors, Internal Auditors and the Board of Directors and oversees the financial reporting process.

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;
- To seek information from any employee;
- To select and appoint professional advisors and obtain advice from external sources including for forensic or other investigations, if necessary;
- To secure attendance of outsiders with relevant expertise, if it considers necessary; and
- To have full access to the 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 have all the powers as prescribed under the Act 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/ half-yearly/ quarterly 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 Act;
 - 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 Act.
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 Listing Regulations and other applicable Rules and Regulations.

VI. 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 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 Listing Regulations."

B. Nomination and Remuneration Committee (NRC Committee):

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

I. NRC Committee Meetings:

The NRC Committee met once during the year, that is, on August 7, 2021.

II. Composition and Attendance:

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

On being requested the Dr. Harin Kanani, the Managing Director of the Company participated as an invitee to the NRC Committee Meeting.

The Company Secretary acts as the Secretary to the committee.

The previous 32nd AGM held on September 28, 2021 was attended by Hitesh Reshamwala, the Chairman of NRC Committee.

III. Terms of reference of the NRC 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 programmes 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 Act;
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. Nomination and Remuneration policy:

The Nomination and remuneration policy of the Company is directed towards rewarding performance, based on review of achievements on a periodic basis. The remuneration policy is in consonance with the existing industry practice. The Nomination and Remuneration Policy adopted by the Company is available at <https://neogenchem.com/wp-content/uploads/NRC-Policy-NCL.pdf>

V. Performance evaluation criteria for Independent Directors:

The NRC 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

Details of remuneration / sitting fees paid during the FY 2021- 22 and number of shares held as on March 31, 2022 by the directors of the Company are as follows:

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

(Amount in Crores)

Name of the Director	Salary	Pension	Other Perquisites	Bonus	Sitting Fees	Commission	Total	No. of Shares Held
Haridas Kanani	0.63	0	0	0.005	0	0	0.64	1,19,00,078
Dr. Harin Kanani	0.60	0	0	0.005	0	0	0.60	20,00,000
Shyamsunder Upadhyay	0.60	0	0	0.005	0	0	0.60	80
Anurag Surana	0	0	0	0	0	0	0	2,25,000
Sanjay Mehta	0	0	0	0	0.03	0	0.03	2580#
Hitesh Reshamwala	0	0	0	0	0.03	0	0.03	36
Prof. Ranjan Kumar Malik	0	0	0	0	0.02	0	0.02	0
Avi Sabavala	0	0	0	0	0.03	0	0.03	0

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 approved by the Board on recommendation received from the Nomination & Remuneration Committee of the Board and mutually agreed between the Company 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, if required.

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 and its Committee Meetings as may be approved by the Board of Directors within overall limits prescribed under “the Act” and the Companies (Managerial Remuneration) Rules, 2014. The Company pays sitting fees of Rs. 25,000/- per meeting to its Independent Directors for attending Board Meetings and Rs. 10,000/- for attending the Committee meetings, namely, Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee and the meetings of Independent Directors.

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/wp-content/uploads/Terms-and-Conditions-for-Appointment-and-Familiarization-Programme-of-Independent-Directors.pdf> and <https://neogenchem.com/wp-content/uploads/Criteria-of-making-payments-to-NED.pdf>

ii) Composition and Attendance:

The Stakeholders’ Relationship Committee met once during the year on August 7, 2021

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

IX. Remuneration to Senior Management Employees:

In determining the remuneration of senior management employees (i.e. 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 carries 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.

The Company Secretary acts as the Secretary to the committee. Company Secretary is the Compliance Officer as per Listing Regulations. The 32nd AGM held on September 28, 2021 was attended by Prof. Ranjan Kumar Malik, the Chairman of Stakeholders Relationship Committee

iii) Roles and Objectives:

- 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.
- The Committee is responsible for satisfactory Redressal of Investors' complaints.
- The Stakeholder Relationship Committee also has a role as defined under Regulation 20 (4) of Listing Regulations.

iv) Investors Complaints:

Status of Investor Complaints as on March 31, 2022 as reported under Regulation 13(3) of the Listing Regulations is as under:

Complaints pending as on April 1, 2021: Nil

Received during the year: Nil

Resolved during the year: Nil

Pending as on March 31, 2022: Nil

The Company has taken various investor-friendly activities like encouraging investors to register their email ids and arranging for e-Voting and virtual participation at the 32nd AGM held on September 28, 2021 and Extra Ordinary General Meeting held on

II. Composition and Attendance:

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

The Company Secretary acts as the Secretary to the committee.

December 31, 2021, in view of the Covid-19 pandemic. Communication to shareholders for updating their bank account details and other details for payment of dividend and tax deducted at source related activity, were sent via email and published in newspaper in the Notice of AGM and half-yearly financial results were communicated to the shareholders by publishing the same in newspaper, uploading at the website of exchanges and the Company.

v) Name, designation and address of Compliance Officer:

Ms. Unnati Kanani
Company Secretary and Compliance Officer
1002, 10th 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 Company has revised the CSR Policy pursuant to the Companies (Corporate Social Responsibility) Amendment Rules, 2021. The revised CSR policy is available on Company's website at <https://neogenchem.com/wp-content/uploads/CSR-Policy.pdf>

The brief note on CSR Policy of the Company has also been disclosed in the Annex 5 of Director's Report section of Annual Report.

I. CSR Committee Meeting:

The CSR committee met twice during the year on May 29, 2021 and August 7, 2021.

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

1. Formulation and recommendation to the Board, a corporate social responsibility policy and subsequent amendments as required from time to time;
2. 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 Act and the rules made there under, from time to time excluding the activities undertaken in pursuance of its normal course of business;
3. Monitoring the corporate social responsibility policy by instituting a transparent monitoring mechanism for implementation of the corporate social responsibility projects or programmes or activities undertaken by the Company from time to time;
4. Recommendation of the annual budget for the corporate social responsibility activities of our Company in compliance with the relevant statutory provisions;
5. Assistance to the Board to ensure that our Company spends towards the corporate social responsibility activities in every Fiscal, such percentage of average net profit/ amount as may be prescribed in the Companies Act, 2013 and/ or rules made thereunder;
6. Providing explanation to the Board if the Company fails to spend the prescribed amount within the financial year;
7. Providing updates to our Board at regular intervals of six months on the corporate social responsibility activities;
8. Regulation of its own proceedings subject to the terms of reference;

II. Composition and Attendance:

Sr. No.	Name	Category	Designation	No. of Meetings	
				Held	Attended
1	Haridas Kanani	Executive Director	Chairman	2	1
2	Dr. Harin Kanani	Executive Director	Member	2	2
3	Anurag Surana	Non-Executive Non-Independent Director	Member	2	2
4	Hitesh Reshamwala	Non-Executive Independent Director	Member	2	1
5	Ketan Vyas	Chief Financial Officer	Member	2	1

The Company Secretary acts as the Secretary to the committee.

9. Reviewing and recommending the corporate social responsibility plan for the ensuing Fiscal to our Board;
10. 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
11. 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.

E. Risk Management Committee:

The Board of Directors (“Directors”) of your Company have at its meetings held on May 29, 2021 constituted Risk Management Committee in accordance with the recent amendments in Regulation 21 of the Listing Regulations, which mandates top 1000 listed entities, determined on the basis of market capitalization as at the end of the immediate previous financial year, are required to constitute a Risk Management Committee (‘RMC Committee’).

The RMC Committee composition details and the Risk Assessment and Management Plan are made available on the website of your Company at <https://neogenchem.com/corporate-governance/> and <https://neogenchem.com/wp-content/uploads/Risk-Management-and-Assessment-Plan.pdf> respectively

I. RMC Committee Meeting:

The RMC committee met twice during the year on March 12, 2022 and March 29, 2022

III. Terms of reference of the RMC Committee

The terms of reference of RMC Committee inter alia includes:

- (1) To formulate a detailed risk management policy which shall include:
 - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - (c) Business continuity plan.
- (2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

- (5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
- (7) Assess whether current exposure to the risks it faces, including for cyber security, is acceptable and that there is an effective remediation of non-compliance on an ongoing basis

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

The Company has a well-defined risk management framework in place. Further details on risk management are given in the Management Discussion and Analysis which forms part of this Annual Report.

4. General Body Meeting:

The details of Annual and Extra Ordinary General Meetings held during last three financial years are:

Date	General Meeting	Time	Location	Special Resolutions Passed with Super Majority
December 31, 2021	EGM	4.00 p.m.	Through VC/OAVM	<ul style="list-style-type: none"> • Issuance of Equity Shares of the Company on Preferential Basis
September 28, 2021	AGM	5.00 p.m.	Through VC/OAVM	<ul style="list-style-type: none"> • Change in designation and appointment of Shyamsunder Upadhyay, as a Whole-Time Director of the company and to fix his remuneration
September 28, 2020	AGM	5.00 p.m.	Through VC/OAVM	<ul style="list-style-type: none"> • Increasing the borrowing powers under section 180(1) (c) of the Companies Act, 2013 upto Rs. 250 Crores • Creation of security on the properties of the company, both present and future, in favour of lenders
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"> • Reappointment of Hitesh Reshamwala as an Independent Director of the Company for Second Term of Five Consecutive Year • Reappointment of Sanjay Mehta as an Independent Director of the Company for Second Term of Five Consecutive Years

All resolutions moved at the last AGM and EGM were passed by the requisite majority of Members. During the year under review, no resolution was put through by Postal Ballot.

5. Means Of Communication:

a. Stock Exchange Intimations:

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

All submissions to the Stock Exchanges are made through the respective electronic filing systems. All unpublished price sensitive information, material events or information as detailed in Regulation 30 of the Listing Regulations are disseminated to the Stock Exchanges by filing them with the National Stock Exchange of India Limited ('NSE') through NEAPS and with BSE Limited ('BSE') through BSE Listing Portal.

They are also displayed on the Company's website at <https://neogenchem.com/investor-relations/>

b. Financial Results:

The quarterly, half yearly and yearly financial results of the Company are filed with the NSE through NEAPS and with BSE through BSE Online Portal. The results are also published in Newspaper and are made available on the website of the Company at <https://neogenchem.com/financial-performance/>

c. Newspapers in which results are 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.

d. Website

The results of the Company and various intimations and submissions made to stock exchanges, Comprehensive information about the Company, its business and operations and press releases are available on the website of the Company at <https://neogenchem.com/investor-relations/> and also on the website of the Stock Exchanges where the shares of the Company are listed, that is, www.bseindia.com and www.nseindia.com.

The Company has designated investor@neogenchem.com exclusively for investor servicing.

e. Official News Release:

The Company publishes information/ update on its financial results and also displays official news/ press releases in the investor relations section of its website <https://neogenchem.com/financial-performance/> and also on the website of the Stock Exchanges where the shares of the Company are listed, that is, www.bseindia.com and www.nseindia.com

f. Investor/ Analyst Meet and Presentations:

The Company holds analysts/ investors meet for analysts/ investors to discuss on the Company's Earnings, Financial Performance and future outlook. The intimation of the same, the earnings presentation of investors calls for discussion on quarterly, half yearly and yearly financials and the transcripts of the call with analysts for quarterly/half-yearly/annual results are available at the Company's website at <https://neogenchem.com/financial-performance/> and also on the website of the Stock Exchanges where the shares of the Company are listed, i.e. www.bseindia.com and www.nseindia.com

g. Other communication to shareholders during the year:

(i) Letters and Reminders to Shareholders for unclaimed shares/dividends:

The Company sends an annual reminder to shareholders who have not claimed their dividends. In addition to the statutory requirement, a voluntary reminder for unclaimed shares and unpaid dividend is also sent to the shareholders as per records every year. The Company has uploaded the names of the Members and the details of the unclaimed dividend by the Members on its website at <https://neogenchem.com/unclaimed-unpaid-dividend/>.

(ii) Registration of email address for the limited purpose of receiving Annual Report and e-voting at the AGM:

The Company made arrangements with the help of its Registrar & Transfer Agent for registration of e-mail addresses of those Members whose email addresses were not registered and who wished to receive the Notice of AGM along with the Annual Report including e-Voting credentials electronically.

(iii) Updation of bank account and other details for dividend payment and TDS:

The Company voluntarily sent a communication to all those shareholders whose email addresses were registered with the Company regarding tax on dividend requesting them to update their bank account details and other detailed process and the same was also published in the newspaper.

(iv) SEBI Complaints Redress System (SCORES):

The investors' complaints are also being processed through the centralized web based complaints redressal system. The salient features of SCORES are availability of centralized 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.

6. General Shareholder Information:

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

AGM - Day, Date & Time Wednesday, September 28, 2022 at 5.00 pm

Venue Pursuant to the General Circular numbers 02/2022 dated May 5, 2022, 21/2021 dated December 14, 2021, 02/2021 dated January 13, 2021, 20/2020 dated May 5, 2020, 19/2021 dated December 8, 2021, 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/CMD2/CIR/P/2022/62 dated May 13, 2022, SEBI/HO/CFD/CMD1/CIR/ P/2020/79 dated May 12, 2020 and circular no. SEBI/HO/CFD/CMD2/ CIR/P/2021/11 dated January 15, 2021 issued by the Securities and Exchange Board of India (SEBI), the Company will be conducting its 33rd AGM through VC / OAVM only and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this 33rd AGM.

- b) **Financial Year:** April 1 to March 31.

- c) **Book Closure/Record Date:** Book Closure period shall be from Wednesday, September 21, 2022 to Wednesday, September 28, 2022 (both days inclusive) for the purpose of AGM and dividend and the Record Date is Tuesday, September 20, 2022.

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

- e) **Listing:**

Name of the Exchange	Stock Code
BSE Limited	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 ("NSE") for the FY 2022-23.

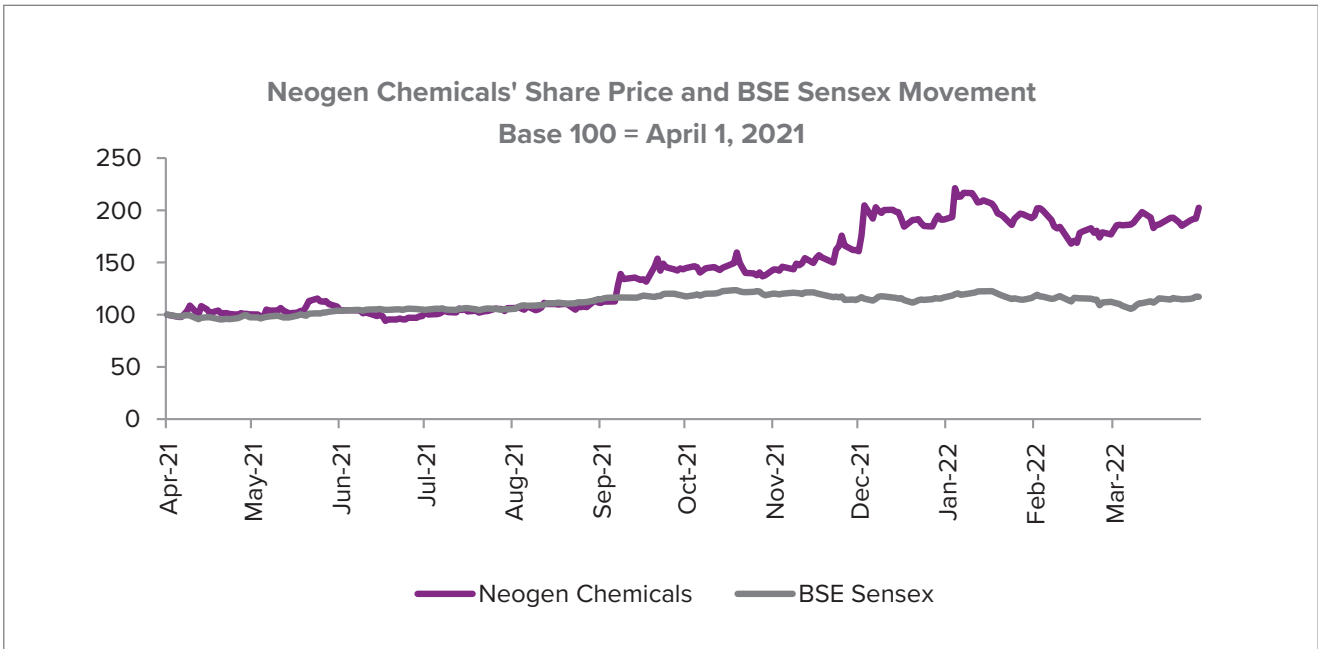
- f) **Market Price and Shares data**

The Company got listed on May 8, 2019 at BSE and NSE. The High, Low and number of equity shares traded during each month in the FY 2021-22 on BSE and NSE is as under:

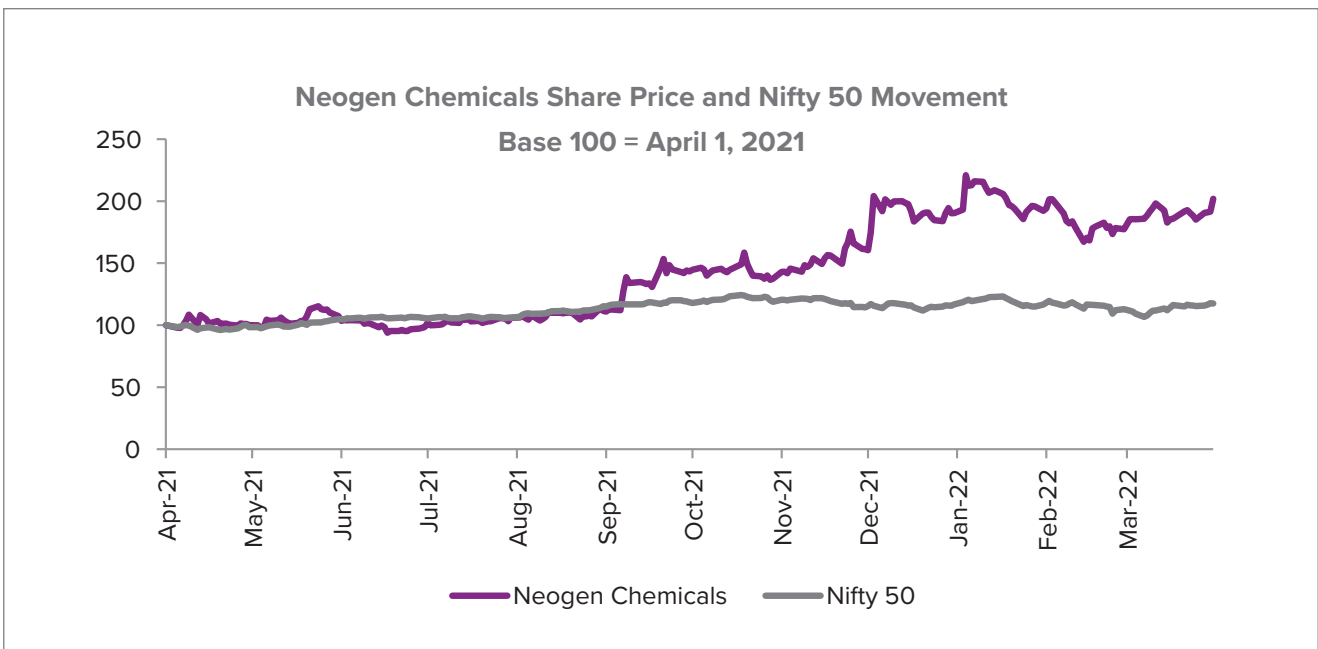
Month	BSE			NSE		
	High Price (Rs.)	Low Price (Rs.)	No. of Shares (in lakhs)	High Price (Rs.)	Low Price (Rs.)	No. of Shares (in lakhs)
Apr-21	970	822	1.66	970	757	13.29
May-21	1,027	840	3.12	1,028	840	16.98
Jun-21	940	794	2.94	942	795	15.85
Jul-21	942	851	2.02	942	855	13.55
Aug-21	1,012	881	1.86	1,011	880	17.26
Sep-21	1,379	949	5.63	1,380	948	65.04
Oct-21	1,449	1,132	3.06	1,449	1,131	22.16
Nov-21	1,526	1,212	1.99	1,525	1,210	18.70
Dec-21	1,843	1,360	3.83	1,844	1,368	35.56
Jan-22	1,934	1,515	2.24	1,930	1,507	23.09
Feb-22	1,795	1,391	1.26	1,800	1,334	9.70
Mar-22	1,771	1,515	1.25	1,771	1,510	8.11

(Source: Websites of BSE and NSE)

g) Performance of the share price of the Company (on BSE) in comparison to the BSE Sensex from April 1, 2021 to March 31, 2022 is given below:



Performance of the share price of the Company (on NSE) in comparison to the Nifty 50 from April 1, 2021 to March 31, 2022 is given below:



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 Link Intime India Private Limited (Formally known as Intime Spectrum Registry Limited) as its Registrar and Share Transfer Agent ("RTA") to 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 our RTA by quoting their folio numbers/ DP ID and Client ID at the following addresses:

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
Email: rnt.helpdesk@linkintime.co.in

i) Share Transfer System:

In terms of requirements to amendments to Regulation 40 of Listing Regulations w.e.f. April 1, 2019, requests for effecting the transfer of listed securities were required to be processed only in dematerialized form with a Depository. As on March 31, 2022, all the equity shares of the Company were held in dematerialized form.

SEBI vide its notification dated January 24, 2022 has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialized form. Members can contact the Company or its RTA, for assistance in this regard.

j) Shareholding Pattern as on March 31, 2022:

Category of shareholder	No. of Shares	% age of shareholding
A. Promoter & Promoter Group		
1) Indian		
Indian Individual	1,40,10,672	56.18
2) Foreign		
Individuals (NRI/Foreign Individuals)	10,00,000	4.00
Total Promoter Holding (A)	1,50,10,672	60.19
B. Public Shareholding		
1) Financial Institutions / Banks	1	0
2) Mutual Funds	43,64,189	17.50
3) Foreign Portfolio Investors	10,87,454	4.36
4) Alternative Investment Funds	2,84,760	1.14
5) Non- institutions		
Individual share capital upto Rs. 1 Lakh	23,73,055	9.52
Individual share capital in excess of Rs. 1 Lakh	8,37,637	3.36
6) Any Other (Specify)		
a) Body Corporate	3,91,562	1.57
b) Non Resident Indians	1,52,961	0.61
c) Clearing Members	13,461	0.05
d) HUFs	1,13,506	0.46
e) Body Corporate LLP	3,10,058	1.24
Total Public Shareholding (B)	99,28,644	39.81
Total Shareholding = A + B	2,49,39,316	100.00

Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_ RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the listed companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/ exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR- 4.

Pursuant to Regulation 40(9) of the Listing Regulations, the Company obtains yearly certificate from a practicing Company Secretary certifying that all transfers are completed within the statutory period. A copy of the certificates so received is submitted to both Stock Exchanges, where the shares of the Company are listed.

As of March 31, 2022, the Stakeholders' Relationship Committee consists of 3 (three) members as mentioned above in detail and the share transfer/ transmission/ Transposition requests are processed through our RTA.

During the financial year under review the company had received requests from its shareholders pertaining to delivery of hard copy of Annual Report, Transfer of Dividend declared for earlier years to their updated Bank account, which were processed within the prescribed timelines.

k) Distribution of Shareholding as on March 31, 2022:

Shareholding of Shares	Number of Shareholders	% to share holders	Total Shares held	% of Shareholding
1 to 500	39,298	97.62	14,03,634	5.63
501 - 1000	483	1.20	3,56,964	1.43
1001 - 2000	226	0.56	3,21,627	1.29
2001 - 3000	82	0.20	2,02,773	0.81
3001 - 4000	28	0.07	98,915	0.40
4001 - 5000	24	0.06	1,10,598	0.44
5001 - 10000	56	0.14	4,00,984	1.61
10001 - 20000	17	0.04	2,17,495	0.87
20001 - 30000	3	0.01	75,486	0.30
30001 - 40000	5	0.01	1,68,563	0.68
40001 - 50000	4	0.01	1,99,400	0.80
50001 - 100000	11	0.03	7,97,525	3.20
100001 - above	21	0.05	2,05,85,352	82.54
Total	40,258	100	2,49,39,316	100

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 i.e. 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, 2022, all the equity shares were held in dematerialized form.

m) Outstanding ADRs/GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

The Company does not have any outstanding ADRs/GDRs/Warrants or any convertible instruments.

n) Commodity price risk or foreign exchange risk and hedging activities:

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 entity has international transaction and is exposed to various risks including foreign exchange risk arising from foreign currency transaction (Exports & Imports). Foreign exchange risk arises from future commercial transactions and recognized 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. A detailed note on the same is available in Note 39 of the Notes to Financial Statements

o) Plant locations:

- 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. Z/109, Dahej SEZ Village Lakhigam, Vagara Dist, Bharuch-392130, Gujarat.

p) Address for Correspondence:
Company:

Ms. Unnati Kanani
 Company Secretary
 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, 1st 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

q) Unclaimed Dividend:

The Ministry of Corporate Affairs (MCA), Government of India, through its Circular No. 17/2012 dated July 23, 2012 has directed companies to upload on the company's website information regarding unpaid and unclaimed dividend. Pursuant to the said IEPF Rules, the Company has uploaded the details of unpaid and unclaimed dividend on its website at <https://neogenchem.com/unclaimed-unpaid-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 2021-22.

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 Audit:

The Reconciliation of Share Capital Audit was conducted by DVD & Associates on a quarterly basis and the report on the same was submitted on the website of the Stock Exchanges where the shares of the Company are listed, i.e., www.bseindia.com and www.nseindia.com.

t) Corporate Governance Certificate, Secretarial Audit Report 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 Statutory Auditors, forms part of the Corporate Governance Report.

An Annual Compliance Certificate and a Secretarial Audit Report for the FY 2021-22 from DVD and Associates, Secretarial Auditor of the Company forms part of the Directors Report of the Company as Annex 2 and Annex 6 respectively.

u) Credit Ratings:

CRISIL Ratings Limited carried out annual review of credit facilities availed by the Company and has vide its letter dated May 17, 2021, reaffirmed the rating of a Long Term Banking Facilities as CRISIL A-/ Stable (reaffirmed) and a Short Term Banking Facilities as CRISIL A2+ (reaffirmed).

7. Other Disclosures:

a) Disclosure on materially significant related party transactions:

The Board of Directors has adopted a policy on related party transactions. As per the Policy on related party transactions, all transactions with related parties were reviewed and approved by the Audit Committee. Omnibus approval is obtained for related party transactions which are of repetitive nature and entered in the ordinary course of business and on an arm's length basis. A statement giving details of all related party transactions entered pursuant to omnibus approval so granted is placed before the Audit Committee on a quarterly basis for its review. The said policy is available on the Company's website <https://neogenchem.com/wp-content/uploads/Policy-on-Materiality-of-Related-Party-Transactions-and-Dealing-with-Related-Party-Transactions.pdf>

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 which sets out the related party transactions disclosures pursuant to IND AS-24. 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 Act, read with Rule 8 of the Companies (Accounts) Rule, 2014.

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 behavior in all its business activities and has put in place a mechanism of reporting illegal or unethical behavior. 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, viz. <https://neogenchem.com/wp-content/uploads/Whistle-Blower-Policy.pdf>. The Company has also constituted the Vigil Mechanism Committee who looks into the said matter.

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

The Board of Directors at its meeting held on December 8, 2021, inter alia approved the issue and offer of 16,04,710 equity shares on preferential basis for cash consideration subject to the approval of shareholders. Subsequently the shareholders of the Company at its Extra Ordinary General meeting held on December 31, 2021 had approved issue, offer and allotment of 16,04,710 shares of face value of Rs. 10 each on preferential basis at an issue price of Rs. 1,402.12 per Equity Share (including a premium of Rs. 1,392.12 per Equity Share) aggregating up to Rs. 225 Crores to the identified investors. The allotment of the said equity shares of the Company on a preferential basis was done on January 6, 2022. The Equity shares were listed at BSE and NSE.

Utilization of Proceeds raised through Issue of Equity Shares on Preferential basis

The proceeds were utilized towards the objects it was raised for and there was no deviation or variation in the utilisation of funds raised through issue of Equity Shares on preferential basis. Out of the proceeds of Rs. 225 Crores raised through issue and allotment of equity shares on preferential basis, Rs. 148.82 Crores was utilised and the balance Rs. 76.18 Crores were unutilised as on March 31, 2022 and the statement in this respect was placed before the Audit Committee of the Company for review and after such review the same was submitted at the Stock Exchange and the same is also available at the website of the Company at <https://neogenchem.com/wp-content/uploads/variation-may-2022.pdf>.

e) 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 are as under:

- As the Company's half-yearly and quarterly results are published in leading English and Hindi newspaper and are also uploaded on the website of the Company and exchanges where the shares of the Company are listed, viz., <https://neogenchem.com/financial-performance/>, www.bseindia.com and www.nseindia.com, the same are not being sent separately to the shareholders.
- 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 directly to the Audit Committee.

f) 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. 29 Lakhs (Including Taxation and other matter)

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

The Company has 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 and it has also constituted an Internal Complaints Committee to redress the complaints relating to sexual harassment of its women employees at work place and implementation of the said Policy. All employees (permanent, contractual, temporary and trainees) are covered under this policy.

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

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

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

i) 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 Code of Conduct for Directors, Key Managerial Personnel and Senior Management personnel, which reflects the legal and ethical values to which your Company is strongly committed. The same is available on the Company's website at <https://neogenchem.com/wp-content/uploads/Code-of-Eithics-for-Directors-KMP-and-Other-Memebrs-of-Senior-Management.pdf>. Also pursuant

to the requirements of Regulation 26(3) of the Listing Regulations, the Members of the Board, Key Managerial Personnel and Senior Management Personnel of the Company have submitted their affirmation on compliance with the code during the year ended March 31, 2022. A declaration to this effect duly signed by the Managing Director forms part of this Report.

j) Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount':

Not Applicable.

Declaration

Compliance with Code of Conduct

I, Dr. Harin Kanani, 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

Date: August 6, 2022
Place: Thane

Dr. Harin Kanani
Managing Director
DIN: 05136947

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 Managing Director (MD) and Chief Financial Officer (CFO)

[In terms of Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015]

- i. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2022 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, if any, in internal control over financial reporting during the year;
 2. Significant changes, if any, 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**

Dr. Harin Kanani
Managing Director
DIN: 05136947

Ketan Vyas
Chief Financial Officer (CFO)

Date: May 14, 2022
Place: Thane

Certificate

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

The Members

Neogen Chemicals Limited
Office No, 1002 10th 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, 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 information and according to verifications as considered necessary and explanations furnished to us by the Company and its officers and according to the verifications (including Director Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby certify that none of the following Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Companies by SEBI, Ministry of Corporate Affairs (MCA), or any such other statutory authority for the Financial Year ending on March 31, 2022.

Sr. No.	DIN	Name of the Director	Designation	Date of Appointment
1	00185487	Haridas Kanani	Chairman and Managing Director	March 07, 1989
2	05136947	Harin Kanani	Managing Director	July 15, 2013
3	07274873	Shyamsunder Upadhyay	Whole Time Director	July 27, 2015
4	00006665	Anurag Surana	Non-Executive Director	May 15, 2017
5	00002817	Sanjay Mehta	Independent Director	September 25, 2012
6	00367482	Hitesh Reshamwala	Independent Director	September 15, 2014
7	08221989	Ranjan Kumar Malik	Independent Director	October 06, 2018
8	08246256	Avi Sabavala	Independent Woman 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

Devendra Deshpande

Proprietor

FCS 6099 CP 6515

PR NO: 1164/ 2021

UDIN: F006099D000756244

Place: Pune

Date: August 6, 2022

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, 2022, 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

Jayesh J Shah
Partner
Membership No.: 039910
UDIN: 22039910APUJJZ5510

Place: Mumbai
Date: August 6, 2022

Management Discussion and Analysis

Global Chemical Industry Outlook

The year 2021 was full of new opportunities as well as challenges for the global chemical industry. The industry faced greater pressure from rising energy and raw material costs, other inflationary pressures, supply chain disruptions and the continuation of the epidemic during the year. The industry, however, demonstrated resilience and resourcefulness in the face of adversity. The industry registered an overall growth in production of 6.1% compared to negative growth (-0.1%) in 2020. Following the global trend, emerging markets of Asia too grew at 7.6% in 2021 as against 2.4% in 2020.

The outlook for the global chemical industry in 2022, according to industry analysts, was cautiously optimistic. Greater pressures from rising energy and raw material costs and other inflationary pressures, supply chain disruptions and the continuation of the epidemic were some of the challenges that the industry would have to face in 2022-23. The American Chemistry Council (ACC) estimates that in 2022, the output of the global chemical industry will rise by 3.8%; however, the chemical sector's production growth has been predicted to be uneven across major regions of the world. In North America, it is expected to increase by 4.5%, while in Africa and the Middle East, it would grow by 3.3%. In contrast, growth would decline to 2.4%, 1.6%, 3.6%, and 4.3% in Latin America, Western Europe, Eastern Europe, and the Asia-Pacific regions, respectively.

Source: [The Outlook for the Global Chemical Industry In 2022 Is Cautiously Optimistic \(echemi.com\)](#)

Indian Chemical Industry

India's chemical sector has more than 80,000 commercial products which can be broadly categorised into bulk chemicals, specialty chemicals, agrochemicals, petrochemicals, polymers and fertilisers. India enjoys a good position in worldwide exports and imports of chemicals, ranking fourteenth in exports and eighth in imports (excluding pharmaceuticals). With the exception of a few hazardous compounds, the chemical industry in the country is delicensed.

From April 2021 to February 2022, exports of organic and inorganic chemicals reached USD 26.48 billion, an increase of 33.8% year-on-year (YoY). Small and medium-sized businesses in the domestic chemicals industry registered a revenue growth of 18-23% in FY 2021-22. The revenue growth was mainly on account of domestic demand and

higher realisation due to high chemical prices. India was able to get the benefit of economies of scale due to its proximity to the Middle East, the world's source of chemicals feedstock.

Source: [Chemical Industry, Chemicals Manufacturers and Exporters in India - IBEF](#)

Indian Specialty Chemical Industry

The market for specialised chemicals in India accounts for 22% of the total market for chemicals and petrochemicals. Diverse applications of specialised chemicals have contributed to the expansion of the specialty chemicals market in multiple areas. Increasing demand from end-user sectors, such as, food, textiles and vehicles is the most important element propelling market expansion. The market for specialty chemicals is expanding worldwide rapidly. The expanding market for specialty chemicals is encouraging international specialty manufacturers to quickly grow their presence, diversify their product lines, and bolster their businesses.

The market for specialty chemicals in India accounts for 22% of the total market for chemicals and petrochemicals. Specialty chemicals industry revenue registered a growth of 19-20% annually in FY 2021-22, up from 9-10% growth in FY 2020-21. The growth was mainly led by rebound in domestic demand and higher realisations due to rising crude oil prices and improved exports. As per CRISIL Research, the demand for speciality chemicals was projected to increase by 14-15% in FY 2022-23. The industry's share in global market is expected to double from 3-4% in FY 2020-21 to 6% by FY 2025-26. These factors led to a 50% YoY increase in the capex of specialty chemicals producers in FY 2021-22, reaching Rs. 6,000 - Rs. 6,200 Crores (USD 815-842 million).

Source: [Chemical Industry, Chemicals Manufacturers and Exporters in India - IBEF](#)

Lithium Ion Battery Material Market in India

Lithium Ion Battery is becoming increasingly popular due to its numerous advantages as compared to conventional battery systems. The lithium-ion battery market in India is anticipated to be driven by factors, such as, the drop in lithium-ion battery prices and the introduction of new and exciting markets, such as, electric vehicles and energy storage systems (ESS), for both commercial and residential applications. Lithium-ion cells are necessary for the production of batteries that power electric vehicles, computers and smart phones.

Various bidders are expected to receive incentives under the PLI Scheme as part of the government's Rs 18,000 Crores programme to increase domestic battery cell production. The establishment of ACC capacities by battery manufacturers under the PLI scheme will result in a direct investment of Rs 45,000 Crores in ACC battery storage manufacturing projects, further promoting the adoption of electric vehicles. This will not only enable the sector to add more value, but it will also guarantee that India's leveled cost of battery production is competitive on a global scale, to result in a net savings of between Rs. 2 and 2.5 lakh Crores on account of oil import bill and will increase the share of renewable energy at the national grid level.

Source: Mordor Intelligence Report

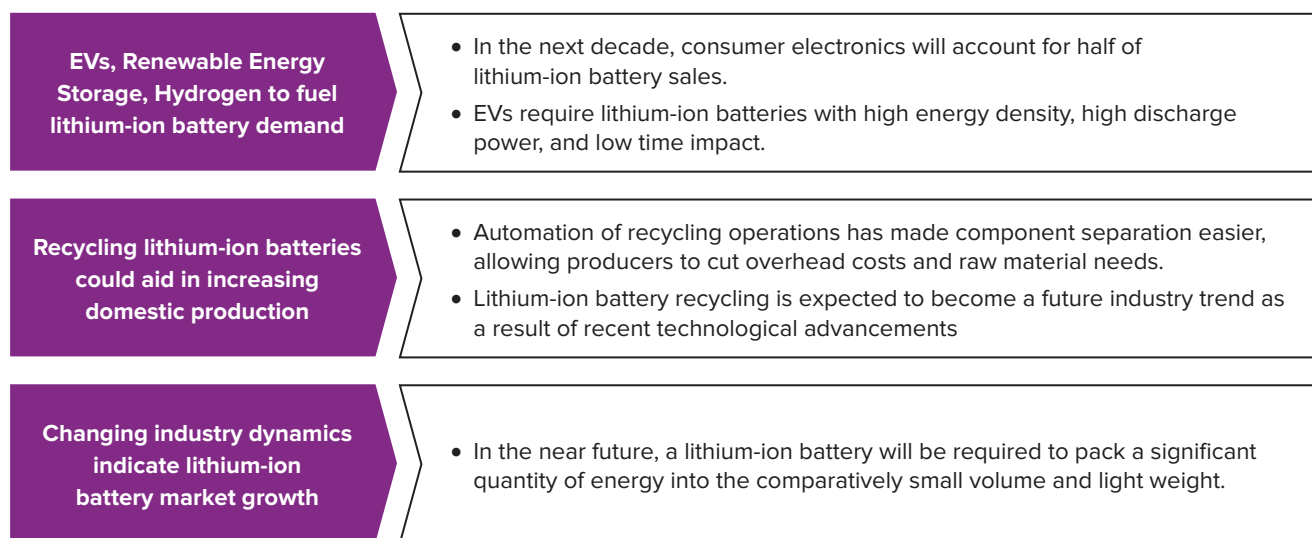
According to the government estimates, India will need a minimum of 10 GWh of Li-ion cells by 2022, about 60 GWh by 2025 and 120 GWh by 2030. Currently Li-ion cells are imported from China or Taiwan to be assembled into batteries in India or already assembled battery packs are imported. India's intentions to increase the adoption of electric vehicles are projected to propel the demand for lithium-ion batteries in the country Government is encouraging local manufacturer

through battery chemistry linked FAME incentives and PLI scheme for ACC Battery Storage. Furthermore, the stringent government controls relevant to CO2 pollution is pushing the lithium-ion battery sector.

The government intends to install 50 gigawatt hours (GWh) of Advanced Chemistry Cells (ACC) production capacity and 5GWh of "Niche" ACC manufacturing capacity. ACCs are fundamentally lithium-ion cells. The PLI for ACC scheme has been allocated Rs. 18,100 Crores to promote the establishment of a 50GWh annual manufacturing capacity in the country. With recent investments in a diverse range of renewable production assets and planned increase in large-scale energy storage deployment, a considerable growth opportunity is anticipated to support manufacture and installation of energy storage by 2030. Since 2017, India has seen a number of BESS (battery energy storage system) tenders and pilot projects. According to IESA (Indian Energy Storage Alliance), as on June 8, 2022, approximately 424 MWh of battery energy storage capacity has been distributed.

<https://evreporter.com/lithium-ion-battery-manufacturing-in-india/>

Key Drivers of the Lithium Ion Battery Market



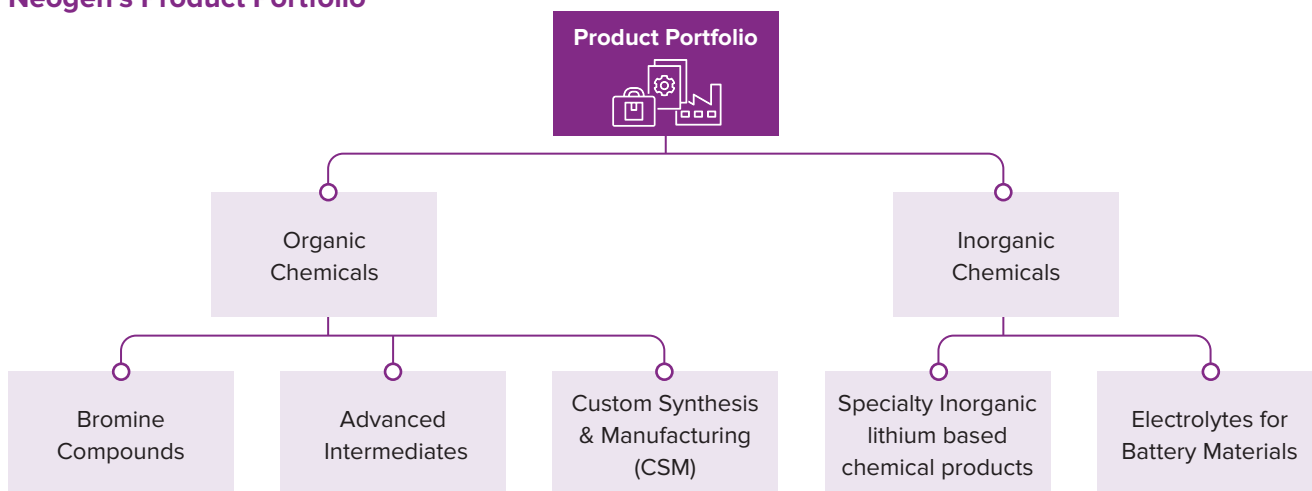
Source: [Source: India Lithium-Ion Battery Market | 2022 - 27 | Industry Share, Size, Growth - Mordor Intelligence](#) PLI Scheme for ACC Battery Storage - [Challenges and Opportunities](#) • [EVreporter, Energy Storage Vision 2030 for India IESA report](#) [Lithium-ion Battery Market | Global Industry Report, 2031 \(transparencymarketresearch.com\)](#)

Company Overview

Neogen Chemicals Limited, (hereafter mentioned as “Neogen” or “the Company”) founded in 1989, is India's one of the top producers of Bromine and Lithium-based specialty chemicals. Neogen offers both Organic and Inorganic compounds in its speciality chemicals product line. The Company's products are utilised in pharmaceutical and agrochemical intermediates, engineering fluids, electronic chemicals, polymer additives, water treatment, construction and aroma chemicals, flavours and fragrances, specialty polymers, Chemicals and Vapour Absorption Chillers – original-equipment manufacturers, and lithium - ion battery materials for energy storage and EV applications.

Neogen has grown its product line over the years and now makes a vast array of specialised chemicals for use in a variety of sectors in India and around the world. It has a portfolio of over 233 own products and exports them to over 29 countries, most notably the United States of America, Europe, Japan, China, Korea and the Middle East. Neogen's customers include a wide variety of industries, such as pharmaceuticals, engineering, battery chemicals and agricultural chemicals. In addition to producing speciality chemicals, Neogen also engages in custom synthesis and contract manufacturing, where the product is manufactured and customised for a specific customer with the process know-how and technical standards developed internally. Neogen chemical portfolio includes:

Neogen's Product Portfolio



Neogen's product portfolio comprises of organic as well as inorganic chemicals. Its products are used in pharmaceutical and agrochemical intermediates, engineering fluids, electronic chemicals, polymer additives, water treatment, construction and aroma chemicals, flavours and fragrances, specialty polymers, Chemicals and Vapor Absorption Chillers original equipment manufacturers with new upcoming usage in lithium-ion battery materials for energy storage and EV application. Over the years, Neogen has expanded its range of products and at present, manufactures an extensive range of specialty chemicals which find application across various industries in India and the world.

The Organic Chemicals consists of bromine compounds and other organic compounds, including chlorine, fluorine, and iodine-based compounds and their combinations. Neogen also makes specialist chemicals, such as Grignard reagents, which are organometallic compounds.

Neogen also has expertise in manufacturing of Advanced intermediaries which are compounds involving multi-step chemistry to produce forward-integrated value-added products used as intermediates in the production of Active

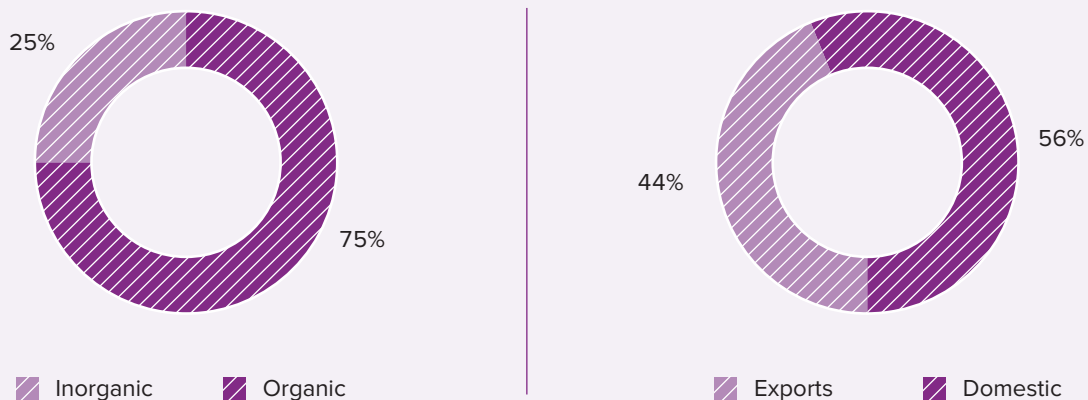
Pharmaceutical Ingredients (API), Active Agrochemical Ingredients (AI), and other Specialty Chemicals such as Aroma Chemicals, Polymer Additives, etc.

Neogen is also into custom synthesis which involves the development and customisation of a product for a specific client, while process knowledge and technical specifications are generated internally. Neogen also undertakes contract manufacturing for a customer whose inquiry is subject to a confidentiality agreement.

Neogen has over 30 years of experience in Inorganic Chemicals which includes lithium based compounds and their combinations. Neogen plans to use this expertise to create lithium-ion battery materials, with an initial investment plan to produce electrolytes and lithium salts required for electrolytes.

Neogen has also announced its plan to deploy a capex of Rs. 150 Crores in FY 2023 and FY 2024 at its Dahej SEZ Plant for setting up new capacity in existing Inorganic MPP for 400 MT for manufacturing Specialty Lithium Salts and additives for Electrolyte used in Lithium-Ion batteries advance chemistry cells.

Revenue Break-up in FY 2021-22



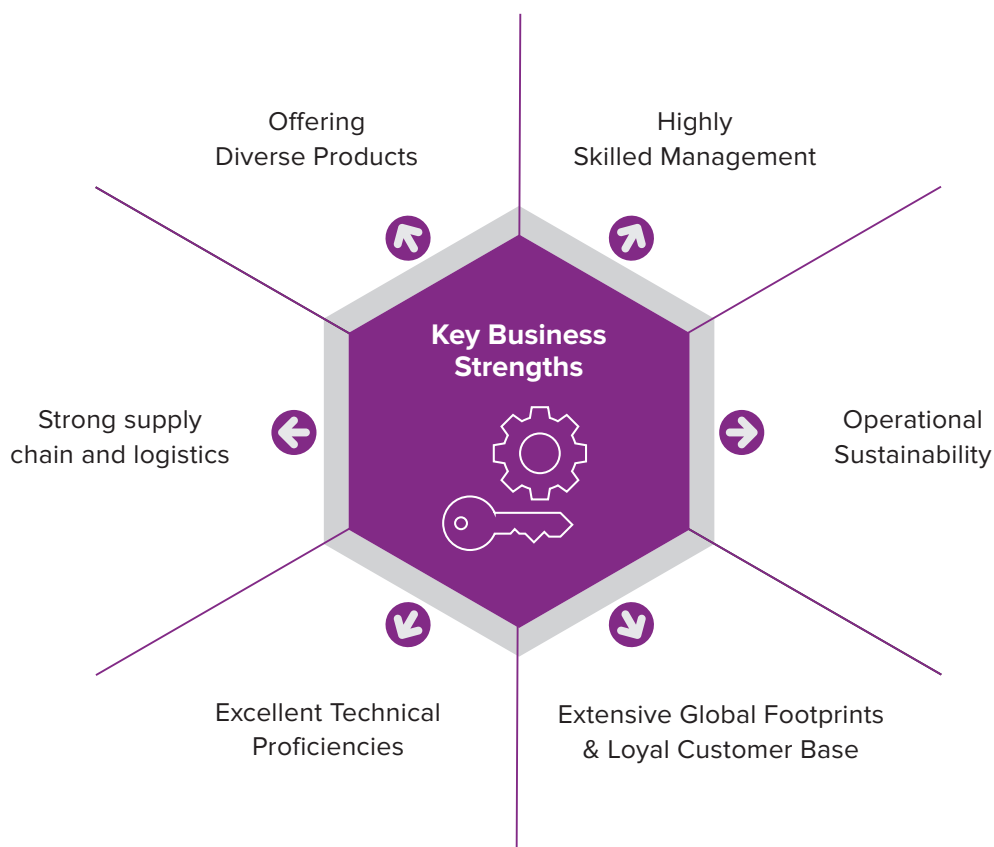
Financial year 2022 has been the best year in the history of Neogen, with the growth in revenues at 45% in FY 2021-22. The Company delivered annual sales of Rs. 487 Crores, which was better than the expected growth trajectory. This came in spite of unprecedented challenges posed by inflation in raw material prices, utility costs and supply chain disruptions.

During the year under review, the Company's inorganic and organic sales stood at 25% and 75%, respectively, as compared to its respective share of 19% and 81% in FY 2020-21. Due to increased capacity and consistently high demand for key products, the inorganic revenue segment experienced significant growth during the year under review. While the share of domestic sales and export sales stood at 55.59% and 44.41%, respectively, during FY 2021-22 as compared to that of 53.21% and 46.79%, respectively, recorded in the previous year.

Manufacturing Infrastructure

Neogen operates from its three cutting-edge manufacturing facilities. These are located in Mahape, Navi Mumbai in Maharashtra, Karakhadi, Vadodara, and Dahej SEZ plant in Gujarat. Together, these encompass over 52 acres of land. With completion of Phase I and Phase II expansion at Dahej SEZ Plant and other brownfield expansions at its Karakhadi and Mahape Plant. The total organic chemicals manufacturing capacity of the Company increased from 130 KL of reactor capacity to 407 KL of reactor capacity and the aggregate manufacturing capacity of Inorganic Chemicals was doubled to 2,400 MT p.a. after the commencement of operations at Dahej SEZ Plant. This new, international-standard, state-of-the-art facility will greatly enhance Neogen's performance momentum by allowing the Company to deliver value addition through multi-stage processes and complicated chemistries.

Factory	Land Area	Land Utilization	Capacity		Certifications
			Organic Chemicals (Reactor Capacity)	Inorganic Chemicals (Tonnage)	
Mahape (Since 1991)	1 Acre	100%	69 Kilo litres	1,200 MT	ISO 9001:2015 from Bureau Veritas Certification Holding SAS
Vadodara (Since 2017)	40 Acres	20%	111 Kilo litres	-	ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications from Bureau Veritas Certification Holding SAS
Dahej (Since 2020)	12 Acres	20%	227 Kilo litres	1,200 MT	ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications from Bureau Veritas Certification Holding SAS. Also, GMP (Good Manufacturing Practices) certified by SGS India Pvt. Ltd.
Total			407 Kilo litres	2,400 MT	



Key Business Strategies

- **Enhancing Capacities**

In order to meet the demand for exports of Organic and Inorganic Chemicals, the company commenced Phase I and Phase II commercial operations of Organic chemicals at full scale keeping in view the robust demand visibility. With completion of Phase I and Phase II Expansions and other brownfield expansions, the total organic chemicals manufacturing capacity of the Company increased from 130 Kilo litres of reactor capacity to 407 Kilo litres of reactor capacity and the aggregate manufacturing capacity of Inorganic Chemicals was doubled to 2,400 MT p.a. after the commencement of operations at Dahej SEZ Plant. This is the first plant developed from ground up by Neogen. It incorporates the most contemporary safety and technical standards demanded by innovators and multinational organisations globally. Neogen would be able to strengthen its client relationships by utilising manufacturing excellence and adhering to internationally recognised safety and engineering practices.

Neogen's Organic Manufacturing facility at the Dahej Special Economic Zone (SEZ) plant had been fully

installed and initial commercial trial batches were begun. This new, international-standard, state-of-the-art manufacturing infrastructure has been expected to be a game-changer for Neogen, allowing it to add higher value through multi-stage processes and complicated chemistry.

In addition, at its Dahej SEZ plant, the Company intends to deploy a capex of Rs. 150 Crores in FY 2023 and FY 2024 to increase reactor capacity for speciality organic chemicals by 60 Kilo litres – to assist the development of new molecules in-house and to enhance its ability to perform numerous chemistries.

Also at its Dahej SEZ plant, the Company has envisioned expansion for Lithium Electrolyte Salt / Additives production capacity by 400 MT in existing Inorganic MPP to meet international demand and initial captive consumption and to increase the manufacturing capacity of inorganic salts from 1200 MT to 2400 MT in existing Inorganic MPP to cater to demand from new approvals received from international customers for regular lithium-based products recently and expected growth in their demand in domestic market.

These expansions are expected to be completed by June 2023 and will result into incremental revenue potential of Rs. 250-300 Crores per annum post commissioning.

In addition, the Company has announced plans to utilise its 30 years of expertise in lithium chemistry to create lithium-ion battery materials, with an initial investment plan to produce electrolytes and lithium salts required for electrolytes.

Neogen has planned various development initiatives in the Lithium Ion Battery sector keeping in view the positive demand evaluation based on discussions with potential cell manufacturers, including overseas players and international customers/ distributors interested in electrolyte salts.

- **Robust Product Offerings:**

Utilising its manufacturing capabilities, Neogen has expanded its product offerings over time to provide a diverse product portfolio with a wide range of applications. It has a portfolio of over 233 own products and exports them to over 29 countries, most notably the United States of America, Europe, Japan, China, Korea and Middle East. Since its inception, the Company has rapidly expanded its product line thanks to its R&D prowess. This protects Neogen from any slowdown in a certain product or category and reduces the risk associated with its business approach. These products serve several end-user industries, such as, agrochemicals and pharmaceuticals, as a result of their increased value and strategic importance to consumers. Moreover, this comprehensive product portfolio enabled Neogen to acquire more consumers across the globe by satisfying their multiple product needs. Neogen has multiple customers in the pipeline for CSM (Custom Synthesis & Manufacturing) which are in various phases, ranging from research and development through pilot production to full commercialisation.

- **Establishing strong presence in the lithium-ion battery market:**

The Company is in discussions with companies in battery space, including foreign players for electrolyte and international customers/distributors interested in lithium salts for electrolyte formulations. All of these measures will substantially boost Neogen's revenue trajectory over the coming years. The path forward appears to be similarly promising, and the Company continues to monitor expanding potential in the chemicals and lithium-ion battery materials for EV

market. Neogen is extensively examining the market for battery materials and assessing the sector's attractive opportunities. Neogen also has an expertise to recycle / reuse / reprocess Lithium based products to make fresh products with same level of quality for over 30 years.

- **Sustainability:**

Neogen continues the legacy of operating in an environmentally conscientious and sustainable manner. It is devoted to reducing its carbon footprint and is committed to being a responsible corporate citizen. The Company is committed to responsible chemistry while protecting the environment, its employees, and its consumers, and caring for the welfare of the community. It continues to invest in process and technology for further reducing its environmental impact.

- At Mahape Plant we have shifted from Light Diesel Oil (LDO) to PNG for generating steam.
- We are using PNG/ CNG (which is a clean fuel) for generating steam at our Dahej plant instead of other fuels.
- The Company installed a Zero Liquid Discharge system at its greenfield project at Dahej SEZ plant. Further Dahej SEZ Plant had received GMP certification from SGS for manufacturing of advance intermediates and specialty chemicals for pharmaceutical applications.
- Company obeys all the government rules and regulation with respect to discharge of the effluent.

- **Strong Operating Efficiency:**

All of Neogen's production facilities routinely engage in processes of high complexity, while maintaining high rates of utilisation. Neogen remains committed to organisational development and reorganisation by adding experienced personnel to critical positions, enhancing the skill sets of the existing team through training, and bolstering its R&D competencies. The planned implementation of the second phase of growth at Dahej SEZ plant was a monument to the strength of the business engagement, which is bolstered by India's fast growing visibility as a vital component of global chemical supply chains. The Company has moved to SAP S/4HANA ERP to increase operational efficiency and transparency. During the year under review, the Company was confronted with significant volatility in the prices of lithium-related raw materials. However, as a regular practice, the Company was able to transfer the price increase to customers although with a lag effect.

Financial Performance

Standalone Financial Performance

Financial year 2022 has been the best year in the history of Neogen Chemicals, with the growth in revenues at 45% in FY22. Neogen delivered annual sales of Rs. 487.25 Crores, which was better than the expected growth trajectory. This came in spite of unprecedented challenges posed by inflation in raw material prices, utility costs and supply chain disruptions.

Revenue from organic chemicals grew by 33% to Rs. 363 Crores from Rs. 274 Crores recorded in the year before. In FY 2021-22, revenue from inorganic chemicals increased by 97%, from Rs. 63 Crores to 124 Crores. Profitability metrics mirrored the momentum in revenues, further bolstered by manufacturing efficiencies and prudent cost management. The earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 35% to Rs. 86.58 Crores from Rs. 64.36 Crores in the prior year, resulting in decreased EBITDA margin to 17.77% from 19.13% recorded in FY 2020-21. EBITDA margin was also impacted due to significantly higher lithium prices, which were passed down to the customer protecting absolute EBITDA margins but due to higher revenue % wise EBITDA was lower.

Higher utilisation of plant capacity, strategic cost management strategies, and product mix contributed to increased profits. Strong operating performance during the reviewed period boosted profit after tax by 42%, from Rs 31.44 Crores in FY 2020-21 to Rs. 44.72 Crores.

As of March 31, 2022, Neogen's net worth climbed to Rs. 439.32 Crores from Rs. 183.13 Crores as of March 31, 2021 aided partly by equity raised during the year

of Rs. 225 crore. As of March 31, 2022, the Net debt reduced significantly to Rs.98.75crore, from Rs. 214.79 Crores as of March 31, 2021 due to increase in cash balances and investments pursuant to the equity raised during the year.. During the period under review, Net Fixed Assets increased from Rs. 121.53 Crores to Rs. 281.78 Crores, while Cash and Cash Equivalents increased to Rs. 32.80 Crores from Rs. 0.51 Crores recorded in the previous year.

Consolidated Financial Performance

In FY 2021-22, Neogen's consolidated revenue, including other income, increased by 45% to Rs. 488.5 Crores from Rs. 336.94 Crores. Strong top-line performance was driven by capacity expansion projects, as well as sales growth for specific items. The higher capacity utilisation with better product mix resulted in EBITDA at Rs. 86.58 Crores in FY 2021-22 increased by 35 % from EBITDA of Rs. 64.74 Crores in FY 2020-21. For FY 2021-22, profit after tax stood at Rs. 44.63 Crores, higher by 42% over Rs. 31.33 Crores in FY 2020-21. PAT performance was in-line with operational performance of the Company, further bolstered by lower Effective Tax Rate. Increased depreciation commensurate to the newer capacities added by Neogen. For FY 2021-22, EPS came in at Rs. 18.70 per share as compared to Rs. 13.45 per share in FY 2020-21. During the period under review, the Company faced significant volatility in the prices of raw materials linked to Lithium. As a process, these cost pressures were passed on to the customers protecting absolute EBITDA margins but due to higher revenue % wise EBITDA was lower. Based on solid performance reported during the year, the Board of Directors has approved a final dividend of Rs. 2.75 per equity share (27.5% of the face value of Equity Shares) for FY 2021-22. This has increased over previous year despite of external headwinds linked to higher RM prices and utility costs.

At a glance (on Standalone basis)

Key Ratios	Numerator/Denominator	FY 2021-22	FY 2020-21	% Change
Operating Profit (Rs. in Crores)	EBITDA - Depreciation	74.89	57.46	30.34
Operating Profit Margins (in %)	Operating profit / Revenue from operation	15.37	17.08	(10.01)
PAT (Rs. in Crores)	PBT-Tax (% on PBT)	44.72	31.44	42.23
PAT Margins (in %)	PAT / Revenue from Operations	9.18	9.35	(1.80)
Current Ratio	Current Asset / Current Liability	2.26	1.38	63.92
Inventory Turnover	Revenue from operation / Average Inventory	3.19	2.76	15.46
Debt to Equity Level	(Long term Debt + Short Term Borrowings) / (Equity Share Capital +Other Equity)	0.51	1.10	(53.49)
Interest Coverage Ratio	EBIT / Finance cost	4.00	4.22	(5.28)
Debtors Turnover Ratio	Revenue from Operations / Average Debtors	5.18	4.38	18.44
Return on Net Worth (in %)	PAT / (Equity Share Capital + Other Equity)	10.18	17.17	(40.72)

Reasons for Change

- **Operating Profit:** The Company's operating profit grew by 30.34% on the back of Company's excellent business operations and significant increase in revenue.
- **PAT:** The Company's profit after tax grew by 42.23% on the back of excellent business operations and revenue creation of the Company.
- **Current Ratio:** Current ratio improved by 63.92% during FY 2021-22, due to increase in Cash balances, investment and inventories during the current year.
- **Debt Equity Level:** The Company's debt-to-equity ratio improved by 53.49% YoY over the period as the Net Debt reduced significantly this year due to increase in cash investments pursuant to the equity raised during the year. The company has repaid short term borrowings by raising equity capital on preferential basis. This has resulted into improved debt equity ratio and debt service coverage ratio during the current year.
- **Return on Net Worth:** Return on Networth ratio declined by 40.72% due to increase in shareholder funds.

Impact of COVID-19

On account of the second wave of COVID-19, the Company encountered logistical issues and supply chain disruptions during the initial quarters of FY 2021-22. However, the Company overcame all of these short-term setbacks to demonstrate a sustainable performance driven by robust execution and increased plant utilisation. With a large decline of COVID-19 cases across the nation and a fast recovery in economic activity, the Company delivered exceptional performance during the year. The liquidity position has improved significantly as on March 31, 2022. It has also developed rigorous and concentrated cost containment programmes across all of its activities.

With all the necessary precautions for the safety and security of its employees, Neogen not only resumed operations at its plants but also worked on keeping the greenfield project at Dahej SEZ plant on track. The impact of COVID-19 on the operations and financials of the Company depends on future developments that are uncertain and un-predictable. The Company is continuously monitoring the economic conditions and has outlined certain measures to combat the pandemic situation and to minimise the impact on its business. Neogen's robust and well-integrated operations enabled it to overcome the short-term obstacles and return to delivering long-term value.

Outlook

Neogen is a major player in Indian chemical industry, producing an extensive range of products. Given its

established manufacturing infrastructure at various locations and competence across complex processes, along with incentives announced by the Government of India for chemical industry, Neogen has strengthened its growth prospects in both domestic and international markets.

During the period under review, Neogen had successfully raised funds by issuing equity on a preferential allotment basis, adding SBI MF, Axis MF, Plutus Wealth LLP and White Oak Capital as high-quality, marquee institutional investors to support the growth initiatives and capitalise on the upcoming high-potential opportunities across advanced intermediates, custom synthesis and manufacturing, and lithium-ion batteries, by utilising the proceeds to fund the long term growth and expansion of its existing businesses, pre-payment/ re-payment of loans and other general corporate purposes.

In addition, the internal R&D team continuously facilitated the introduction of more efficient processes and pathways to add more chemical intermediates to the Company's product line, as also substituting the existing products with new products to meet the rising demand. During the year under review, its global distribution network also contributed to the garnering higher exports.

Neogen remains well-positioned to capitalise on emerging opportunities with its vast market expertise, extensive experience, and cost-competitive manufacturing platform. Plans are in place to further accelerate Neogen's robust performance by continuously increasing its presence in the targeted regions and markets and by creating value for all its stakeholders.

Human Resource Development

The Company's human resource development efforts are guided by the fundamental principles of transparency, consistency, and equity. Efforts are being made towards further improving talent management, capability development and performance improvement. These have had a major positive influence on talent acquisition, staff retention and employee engagement. HR continues to connect its strategic actions and procedures with Neogen's and its stakeholders' long-term objective of creating and enhancing value. Neogen's personnel and people processes provide it the advantage to manage difficulties with equanimity, accept change proactively and maintain a mindset in order to generate the vigour and enthusiasm to go forward. Neogen seeks to establish a healthy, conducive, and competitive workplace so that its employees can succeed and set new standards for quality, productivity, efficiency and customer satisfaction.

The Company undertook several changes in employee transport, adoption of work-from-home policy for its non-manufacturing employees, additional incentives for operations team and contract workers and COVID specific insurance benefits were provided for employees and some of their family members. In addition, systems were put in place to ensure proper sanitation and social distancing norms. All employees were vaccinated for both doses. All the employees were vaccinated for both doses 100% and we continue with the booster doses as applicable. As of March 31, 2022, Neogen employed 493 people and 691 employees were hired on contractual basis.

Environment, Health and Safety (EHS)

The Company is committed to responsible chemistry and environmental preservation. The strategic goal at Neogen is to contribute to the well-being of communities and society. While pursuing outstanding corporate growth, Neogen is also committed to contributing to community growth and maintaining environmental sustainability.

Neogen also remains committed to maintaining the workplace healthy and safe. It believes that all injuries, occupational illnesses, mishaps and environmental incidents can be prevented. This presupposes that all employees strive for their own safety as well as the safety of others, including contractors, customers, and communities in which the Company operates. Neogen endeavours to continuously improve workplace safety and process safety management process through employee engagement and training programmes, including behavioural change. Neogen monitors internal and external safety and takes remedial measures as necessary to enhance safety standards. Even non-injury incidents and unexpected occurrences are recorded in Neogen's safety management system (SMS) as part of the Company's stringent incident reporting system. Each incident's core cause is determined and safeguards are taken to prevent future similar occurrences. Neogen checks and maintains its fire hydrant systems and waste treatment facilities on a regular basis.

Neogen disposes off its solid waste at permitted landfills and incinerators. Karakhadi, Vadodara Plant contains an effluent treatment plant with primary (chemical), secondary (biological), and tertiary (disinfection) treatment facilities. Mahape Plant disposes off liquid effluent in a shared wastewater treatment plant. The Company's new facility at Dahej SEZ plant is designed to provide world-class health and safety performance and to implement a Zero Liquid Discharge (ZLD) system, thereby dramatically reducing the water consumption.

Research and Development

Neogen strives to maintain consistent product quality. All products are subjected to stringent quality checks to ensure that they fulfil client expectations. Neogen's manufacturing facilities comply with all applicable regulations and certifications. The production process is monitored at every level by quality control systems. The quality control laboratories have the necessary analytic instruments to ensure a flawless service. Multiple domestic and foreign clients have inspected and approved the manufacturing facilities.

Neogen has two research and development facilities. One is located in Vadodara and the other is in Mahape. It has a 46-person R&D staff that is knowledgeable and devoted. Both the teams are guided by 7 skilled and experienced Ph.D. team leaders. Neogen is dedicated to enhancing its R&D capabilities and to increase its R&D spending. Neogen's top management is technically competent and directly drives this endeavour.

Quality Control and Assurance

At its facilities, Neogen has a Quality Control and Quality Assurance team of 56 members. The team is in charge of monitoring product quality to see if it adheres to standards and customer expectations and to prepare and maintain database with respect to the same. The team prepares the required documentation and data system, product inspections and internal and external audits as a part of its quality control process.

Neogen's quality control laboratories are well-equipped with gas chromatography (GCs), high-performance liquid chromatography (HPLCs), ultraviolet spectrophotometers, Karl Fischer moisture analysers, polarimeters, inductively coupled plasma (ICP) and other necessary analytical instruments to support its quality control measures across all operations.

Neogen's Karakhadi, Vadodara Facility is ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 certified by Bureau Veritas Certification Holding SAS; Its Mahape, Navi Mumbai Facility is ISO 9001:2015 certified for Quality Management System by Bureau Veritas Certification Holding SAS; and Dahej SEZ plant, Gujarat Facility is ISO 9001:2015, ISO 14001:2015 & ISO 45001:2018 Certified by Bureau Veritas Certification Holding SAS and GMP Certified by SGS.

The Company's documentation system also adheres to the ICH-Q7A criteria for intermediates. In addition, at each of its three manufacturing facilities, Neogen has implemented a quality management system applicable to Key Starting Materials (KSM) and Intermediates. The quality assurance team supervises the whole manufacturing process - from

initial testing of incoming raw materials to the final output. Prior to packaging, the finished product undergoes a rigorous quality check. The completed product is only approved for shipment once a sample of the batch has been tested against customer or internal specifications, as appropriate. The team is in charge of documentation and data management, product inspections and internal and external audits.

Internal Control Structure

The management team of Neogen has been committed to the highest financial and accounting standards. It has an independent internal audit function and well-established risk management practices at both, the corporate and the plant levels. An Independent Internal Auditor conducts quarterly reviews based on a thorough risk-based audit plan, which is reviewed by the Audit Committee and validated by the Statutory Auditors in their report. Neogen has established internal controls over the financial statements that are consistent with the size and nature of the Company's operations. The system improves the operational and financial efficacy of the Company, safeguards its assets, and prevents fraud, if any. The system also ensures accuracy and completeness of its accounting records, the timely preparation of reliable financial disclosures, and the enforcement of stated policies.

Auditors who conducted this evaluation for FY 2021-22 found no reportable material weaknesses or significant deficiency in the operation of internal financial controls.

Risk Management Framework

As a key participant in the worldwide chemical sector, Neogen is subject to a variety of risks. It employs a thorough structure-based risk management strategy to mitigate these risks. Risk Management is an inherent component of Neogen's strategy and planning process.

On the basis of proactive risk identification, action plans are developed to manage risks that could have a major impact on Neogen's long-term viability. The owners of mitigation plans are assigned target dates, and the progress of mitigation actions is monitored and evaluated. Risk management and risk mitigation procedures are intended to identify the risk in a timely manner, limit the impact of risk and mitigate the risks in an efficient manner.

- **Business risk**

Business risks refers to the prospect of the Company operating at a loss due to uncertainties such as changes in requirements, changing consumer preferences, strikes, increasing competition, inflation, supply chain disruptions, changes in government policy, obsolescence, change in personnel etc.

Mitigation

Strong R&D capabilities, excellent client relationships, and years of accumulated expertise have contributed to the rapid expansion of the company's business since its inception. This lessens the risk associated with Neogen's business strategy and guards it from any slowdown in a particular product or category. The Company verifies and analyses business risk proactively to ascertain the likelihood of an event and its impact on the enterprise's business operations, personnel, and financials. Moreover, the Company identifies particular risks and appropriate countermeasures or alternative procedures to prevent probable undesirable consequences. It also analyses all costs and unforeseen costs for a project to prevent going over budget.

- **Environment Health and Safety risk**

An EHS risk is a risk associated with potential environmental, health, and safety concerns associated with the Company's operations.

Mitigation

Neogen implements stringent quality and EHS criteria that are assessed continuously to ensure conformity with locally and internationally approved standards. Neogen's production facilities are ISO certified for quality, environmental requirements, and occupational health and safety.

- **Finance Risk**

Financial risk is the possibility of incurring losses on an investment or business operation. Credit risk, liquidity risk, and operational risk are a few of the more common financial risks.

Mitigation

The Company has established structures, regulations, procedures, and systems for managing financial risk. The method of determining a customer's creditworthiness and a realistic assessment of the risk involved are crucial for the management of finance risk. The Internal Auditors of the Company periodically conducts the audit of the internal controls framework and system of the Company. The Company's strong creditworthiness enables it to easily obtain financing from banks.

- **Technology Obsolescence Risk**

Obsolescence risk is the possibility that a procedure or technology used or created by a business will become outdated and, as a result, become less competitive in the market.

Any possibility of monetary loss, business interruption, or reputational damage brought on by the breakdown

of an organisation's information technology systems is referred to as an IT risk. Information and cyber security risks can be caused by human error, internal fraud through software manipulation, external fraud by attackers, application and machine obsolescence, dependability problems (including software failures), or poor management.

Mitigation

The Company heavily relies on its information technology systems and uses them in its day-to-day corporate activities such as processing financial information, managing information pertaining to creditors/debtors, customer communication, marketing via website, and engaging in normal business activities. The Company regularly evaluates its cyber space and information technology guidelines. Additionally, it implements the appropriate information technology framework and assures compliance with it. The Company has effective backup system in place to mitigate the risk that may be caused due to any partial or complete disruption of our information technology systems.

- **Legal Risk**

Regulatory risk can occur for Neogen due to inadequate compliance with rules or breach of contractual duties and intellectual property rights, resulting in litigation and reputational damage.

Mitigation

The Company keeps a regular check on the laws, guidelines, norms and standards as laid down by Government or regulatory agencies from time to time and applicable to the company to stay abreast of the changing regulatory requirements and abides by the laws applicable to the Company. Neogen ensures that its Intellectual Property Rights are well-protected and contractual responsibilities are met by both parties by relying on strong internal and external teams. Also the Company enters into a Confidentiality and Non-Disclosure Agreement with its vendors and customers to maintain the confidentiality of the information as specified in the agreement and pertaining to the business of the Company.

- **R&D and Innovation Risks**

Neogen's ability to grow and, or, compete effectively, might be compromised in case if it is unable to continuously develop new products or optimise our processes or make sufficient investments in procedures, technology and R&D.

Mitigation

Technological innovation is Neogen's primary strength. It has two state-of-the-art research and development centers at Mahape, Navi Mumbai, Maharashtra, and

Karakhadi, Vadodara. It prides itself in its energetic and skilled R&D team of 46 members, which accounts for approx. 10.0% of the entire workforce. Based on the Company's R&D prowess, its product catalogue has increased from 20 to 233 items since its inception. Neogen is committed to enhancing and expanding its research and development capabilities. The Promoters spend a considerable time overseeing the functioning of the R&D division and so they continue deploying significant resources including financial resources towards R&D.

- **Forex Risks**

Approximately 44% of Neogen's revenue is generated from exports. This carries the risk of financial loss owing to the unpredictability of exchange rate fluctuations, while it also provides natural hedge for payments to be made for imports.

Mitigation

Neogen has an established foreign exchange policy. The purpose of this policy is to limit foreign exchange risk by employing suitable hedging measures. In controlling their foreign exchange exposure, Neogen employs the netting approach.

- **Raw Material Risk**

Due to the high price volatility of the chemical intermediates business, Neogen sometimes faces the risk of inadequate raw material supplies and price variations. The volatility of the pricing of raw materials can have a direct effect on the prices of the final products, as they comprise a significant portion of the chemical process.

Mitigation

The procurement team of Neogen ensures that the great majority of its important raw materials are available from several sources. Additionally, it keeps strong, long-term relationships with its suppliers, allowing it to find raw resources at affordable prices. Also the Company maintains adequate inventory to mitigate such risks.

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 materially differ from those projected or implied. These statements refer to Neogen's growth strategy, financial results, product potential and development programme based on certain assumptions and expectation of future events. Neogen assumes no responsibility to publicly amend, modify or revise any such forward-looking statements based on 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, 10th 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
- Financial Year reported:** 2021-22
- Sector(s) that the Company is engaged in (industrial activity code-wise):**

Manufacturer 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**
 - Organic Chemicals - Bromine Derivatives
 - Organic Chemicals - Advance Intermediates
 - Inorganic Chemicals
- Total number of locations where business activity is undertaken by the Company:**
 - Number of International Locations (Provide details of major 5)**
Not Applicable
 - Number of National Locations:** The location of 3 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. Z/109, Dahej SEZ, Village Lakhigam, Vagara Dist. Bharuch- 392130, 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 29 countries

SECTION B: FINANCIAL DETAILS OF THE COMPANY

- Paid up Capital:** Rs. 24.94 Crores
- Total Turnover** Rs. 487.25 Crores
- Total profit after taxes** Rs. 44.72 Crores
- Total Spending on Corporate Social Responsibility (CSR) as percentage 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. 3833.12 lakhs. Accordingly, the Company was mandatorily required to spend 2% of the Average Net Profit which amounts to Rs. 76.66 lakhs against which the Company has spent Rs. 77.76 lakhs on its CSR activities during the FY 2021-22.
- List of activities in which expenditure in 4 above has been incurred:** - Refer Annex 5 to the Director'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 Business Responsibility 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 percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**
The Company does not mandate its suppliers and partners to participate in the Company's BR initiatives. However, they are encouraged to do so. Less than 30%.

SECTION D: BUSINESS RESPONSIBILITY INFORMATION

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the Business Responsibility policy/ policies

1. DIN Number 05136947
2. Name: Dr. Harin Kanani
3. Designation: Managing Director

(b) Details of the BR head

Sr. No	Name and Description of Main Product/Services	NIC Code of the Product
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

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

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	Yes	Yes	Yes
2	Has the policy being formulated in Consultation with the relevant stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	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.								

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:

- P1** Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2** Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3** Businesses should promote the well-being of all employees.
- P4** Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5** Businesses should respect and promote human rights.
- P6** Businesses should respect, protect and make efforts to restore the environment.
- P7** Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8** Businesses should support inclusive growth and equitable development.
- P9** Businesses should engage with and provide value to their customers and consumers in a responsible manner.

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
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	<p>Yes.</p> <p>The Mandatory Policies are approved by the Board and is signed by Managing Director. Other Operational internal policies are approved by the respective HODs and the Management.</p>								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	<p>The Company has a well-established internal governance structure to oversee the implementation of various policies. The Environment Committee and EHS head to oversee compliance with the environment, health and safety related laws for respective plants and its policies. The CSR committee of the Board oversees the implementation of the CSR policy. Human resource head and respective plant heads oversees implementation of human resource related policies and compliance with labour laws, factory laws and industrial laws. Plant head and Quality & Research and Development head oversees Production and Quality Policy and compliance with various quality guidelines and Company Secretary oversees compliance with various policies as required under the Companies Act, 2013 and Listing Regulations. Also the Board has Internal Complaints Committee for prevention of sexual harassment at workplace.</p>								
6	Indicate the link for the policy to be viewed online?	<p>The mandatory policies are available at https://neogenchem.com/corporate-governance/</p>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	<p>Yes, the policies are communicated to internal stakeholders and wherever required, the policies are also communicated to our external stakeholders.</p>								
8	Does the company have in-house structure to implement the policy/ policies?	<p>Yes</p>								
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	<p>Yes</p>								
10	Has the company carried out Independent audit/ evaluation of the working of this policy by an internal or external agency?	<p>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.</p>								

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

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									Not Applicable
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)									

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 assesses the BR Performance of the Company annually.

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

Yes, the Company publishes Business Responsibility Report as a part of its Annual Report. The Business Responsibility Report is uploaded on the company's website at the web link <https://neogenchem.com/annual-reports-2/>

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, anti- bribery and anti- corruption.

2. **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.

3. **How many stakeholder complaints have been received in the past financial year and what percentage 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 requests from its shareholders pertaining

to delivery of hard copy of Annual Report, Transfer of Dividend declared for previous years amount to their updated Bank account, which were processed within the prescribed timelines.

Apart from the requests there were no other stakeholder complaints 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.

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. During the year under review, the Company has developed various molecules used as an intermediate of COVID-19 drug.

The Company is exploring opportunities in Lithium Ion Battery space and has taken development initiatives for electrolyte formulations, Electrolyte Lithium Salts and additives, Specialized Cathode Materials and CSM and advanced intermediates opportunities. Lithium-ion batteries contain relatively low levels of toxic heavy metals found in other types of batteries, this will help in less emission of gases with inherent safe chemistry. The Company recycles/ reuses/ re-processes

lithium products to make same level of Fresh products quality. It will help in conservation of natural resources, promote green energy and reduce the use of crude.

Our Mahape Plant is ISO 9001:2015 certified by Bureau Veritas Certification Holding SAS; Our Karakhadi Plant has ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications from Bureau Veritas Certification Holding SAS; and our Dahej SEZ plant has ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications from Bureau Veritas Certification Holding SAS and also, GMP (Good Manufacturing Practices) certified by SGS India Pvt. Ltd. This warrants that our company has efficient systems that assure proper design, monitoring and control of manufacturing processes which helps in producing Quality product and that the company has efficient policy, process and technology for Environment, Health and Safety (EHS).

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 to support our society at large and to fulfill our role in supporting pharmaceutical industries.

Pheromones are chemicals released by an organism to attract an individual of the same species for reproduction. Pheromones are not harmful to environment. Pheromones have found uses in monitoring and trapping of pest insects thereby disrupting the mating of a pest species. This way the pest growth can be controlled easily without using environment damaging chemicals.

Neogen makes Intermediate chemicals of Pheromones. The list of such intermediates made by Neogen are as follows:

1. 10-bromodecanol
2. 12-bromododecanol
3. 1-bromo-6-tertbutoxyhexane
4. 1-bromo-6-chlorohexane
5. 1-bromo-5-chloropentane
6. 1,4-dibromobutane

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.

The Company has installed ZLD (Zero Liquid Discharge) facility for all the organic products manufactured at Dahej SEZ plant unit. This ZLD facility is equipped with modern UF (Ultra filtration) + multi stage RO (Reverse Osmosis) process to treat the effluent reusable in utility. This reduces the usage and consumption of natural resource like water at the Dahej site. At Dahej Site, the company has installed Boilers which works on PNG (clean-fuel) which provides efficient conversion ratio of the Steam/Fuel and causes minimum damage to the environment.

The company has installed the utility lines with adequate insulations to avoid the transfer of heat in the environment and tries to use its equipment efficiently with minimum energy consumption. The Company has also adopted various energy conservation practices such as installation of VFDs for large motors, Capacitor Banks etc.

We have LEDs all over the plants.

The quality assurance, process development and research & development team of the company constantly engaged in development of existing production processes for maximizing the production yield with minimum wastage of raw material and to derive best quality of product.

Our Quality Control laboratories work round the clock and are adequately equipped with analytical equipment like GC, HPLC, UV Spectrophotometer, Karl fischer Moisture Analysers, Polarimeter, Inductive Coupled Plasma (ICP) etc.

- Implemented current good manufacturing practice (cGMP) prescribed by the US FDA as applicable for intermediates. This warrants that our company has systems that assure proper design, monitoring and control of manufacturing processes and facilities which ensures that the resources are used efficiently.

(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% wastewater 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.
- Energy is conserved by installing energy efficient equipment's.
- The Company also adopted various energy conservation practices such as installation of VFDs for large motors, Capacitor Banks etc.
- We have LEDs all over the plants.
- At Mahape Plant we have shifted from Light Diesel Oil (LDO) to PNG for generating steam.
- We are using PNG/ CNG (which is a clean fuel) for generating steam at our Dahej plant instead of other fuels.
- The Company installed a Zero Liquid Discharge system at its greenfield project at Dahej SEZ plant. Further Dahej SEZ Plant had received GMP certification from SGS for manufacturing of advance intermediates and specialty chemicals for pharmaceutical applications.
- Company obeys all the government rules and regulation in discharge of the effluent.
- The hazardous waste is given to co-processing units which helps in deriving better alternatives for fuel and reduce consumption of natural resources.
- Our Mahape Plant is ISO 9001:2015 certified by Bureau Veritas Certification Holding SAS; Our Karakhadi Plant has ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications from Bureau Veritas Certification Holding SAS; and our Dahej SEZ plant has ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications from Bureau Veritas Certification Holding SAS and also, GMP (Good Manufacturing Practices) certified by SGS India Pvt. Ltd. This warrants that our company has efficient systems that assure proper design, monitoring and control of manufacturing processes which helps in

producing Quality product and that the company has efficient policy, process and technology for Quality and EHS.

- Neogen disposes off its solid waste at permitted landfills and incinerators. Karakhadi, Vadodara Plant contains an effluent treatment plant with primary (chemical), secondary (biological), and tertiary (disinfection) treatment facilities. Mahape Plant disposes off liquid effluent in a shared wastewater treatment plant.

The Company's new facility at Dahej SEZ plant is designed to provide world-class health and safety performance and to implement a Zero Liquid Discharge (ZLD) system, thereby dramatically reducing the water consumption.

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

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

The Company has its manufacturing plants located at Navi Mumbai, Vadodara and Dahej SEZ plant 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 at Navi Mumbai, Vadodara and Dahej SEZ plant 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 percentage 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 >10% of the quantity is re-cycled. We have inbuilt research and development team which tries to use/recycle the products and waste, wherever possible. We are recycling water waste >10% using our ZLD system at Dahej SEZ Plant. Excess RM used and by products generated are recycled internally or at 3rd party vendor > 10%.

Principle 3

1. Please indicate the Total number of employees. 493 as on March 31, 2022
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis. Of the above 493 employees 55 employees were on a contractual basis with Neogen as on March 31, 2022.

There were 691 contractual workers who were on the payroll of third party as on March 31, 2022
3. Please indicate the Number of permanent women employees - 17
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 percentage of your permanent employees is members of this recognized employee association? 3.04%
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.

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	Nil	N.A.
2	Sexual harassment	Nil	N.A.
3	Discriminatory employment	Nil	N.A.

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

Sr. No.	Category	% of total employees	% of employees trained	
			Safety Training	Skill Upgradation training
a	Permanent Employees	88.84%	63.01%	47.26%
b	Permanent Women Employees	3.45%	0	64.71%
c	Casual/ Temporary/ Contractual Employees	11.16%	100%	N.A.
d	Employees with Disabilities	None	N.A.	N.A.

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 its manufacturing locations and focusing on key areas like

- promoting education amongst Children in rural areas by providing laptops and devices, sponsoring scholarships and School/ tuition fees;

- Promoting plantation of Mangrove trees and spreading awareness through Mangrove awareness programmes wherein we have contributed in planting over 10,000 saplings till date;
- Empowering small and medium Adivasi farmers through our Water Management Programme in villages which includes contribution towards construction of Borewells, Tubewells and water tanks wherein 34 borewells were set up during the FY22 after conducting surveys and identifying villages facing water scarcity and till date the company has contributed in constructing almost 80 borewells which has benefited over 20 villages;
- Providing seeds to small-scale farmers in south Gujarat which assist farmers in cultivating Dangar and Bhinda in over 700 acres of land till date;
- Supporting Gobar Gas Project;
- Supporting wormiculture and providing vermicompost beds thereby ensuring environmental sustainability and agriculture development;
- promoting health care including preventive health care and sanitation by contributing towards manufacturing of prosthetic arms for the needy and supporting health checkup projects;
- Supporting women empowerment projects;
- Rural development projects which includes construction of Toilets;
- Contributing its CSR funds towards combating COVID Pandemic.

The detailed report on the same is mentioned in Annex 5 to the Director's 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. Further the Company has taken following initiatives to address global environmental issues:

- 100% wastewater 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 >10% of the quantity is re-cycled.
- Energy is conserved by installing energy efficient equipment's.
- The Company also adopted various energy conservation practices such as installation of VFDs for large motors, Capacitor Banks etc.
- We have LEDs all over the plants.
- At Mahape Plant we have shifted from Light Diesel Oil (LDO) to PNG for generating steam.
- We are using PNG/ CNG (which is a clean fuel) for generating steam at our Dahej plant instead of other fuels.

- The Company installed a Zero Liquid Discharge system at its Greenfield project at Dahej SEZ plant. Further Dahej SEZ Plant had received GMP certification from SGS for manufacturing of advance intermediates and specialty chemicals for pharmaceutical applications
- The Company is mindful about the global environmental issue. Our Mahape Plant is ISO 9001:2015 certified by Bureau Veritas Certification Holding SAS; Our Karakhadi Plant has ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications from Bureau Veritas Certification Holding SAS; and our Dahej SEZ plant has ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications from Bureau Veritas Certification Holding SAS and also, GMP (Good Manufacturing Practices) certified by SGS India Pvt. Ltd. This warrants that our company has efficient systems that assure proper design, monitoring and control of manufacturing processes which helps in producing Quality product and that the company has efficient policy, process and technology for Quality and EHS. Further the Company is committed towards preserving and maintaining Healthy Environment and follow Environment friendly Practices. We also focused in the continual improvement in the environment sector performance for an overall sustainable development of the organization. The Company periodically assesses and measures the environmental impacts and strives to improve the environmental performance by adopting best practices for prevention and control of pollution and by investing in environment-friendly technologies.
- One of the Company's by product is used in a system which provides alternate to compressor based cooling which use gases contributing to global warming.

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.

The Company periodically reviews all its sites environmental risk potentials and also has emergency plan to mitigate the potential environmental risk. We also use the latest technology of 3D modelling at our Dahej SEZ plant site which helps in identifying the environment emergencies in a timely manner.

Also, the Company is closely associated with various associations/ chambers like Dahej Eco friendly society.

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 taken following initiatives to address global environmental issues:

- Energy is conserved by installing energy efficient equipment's.
- The Company also adopted various energy conservation practices such as installation of VFDs for large motors, Capacitor Banks etc.
- We have LEDs all over the plants.
- At Mahape Plant we have shifted from Light Diesel Oil (LDO) to PNG for generating steam.
- We are using PNG/ CNG (which is a clean fuel) for generating steam at our Dahej plant instead of other fuels.

- Lithium Ion Batteries are critical component of Energy Storage System required for energy storage and EVs and supporting India's drive for reducing its carbon footprint. The Company recycles/ reuses/ re-processes Lithium Products to make same level of fresh products quality. It will help in conservation of natural resources, promote green energy, EV and reduce the use of crude.

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 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.

Data of the yearly waste generation and emission is also submitted to the GPCB. The monitoring of the emission is done as per the CCA requirement for each site.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

No show cause / legal notices were received or pending as on the end of FY 2021-22.

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:

- Indian Chemical Council (ICC)
- IMC Chamber of Commerce and Industry
- Federation of Indian Chambers of Commerce and Industry (FICCI)
- Federation of Gujarat Industries (FGI)
- The Associated Chambers of Commerce and Industry of India (ASSOCHAM)
- Vadodara chamber of commerce and industry (VCCI)
- Dahej Industries Association
- Dahej Eco Friendly Society
- The Confederation of Indian Industry (CII)
- India Energy Storage Alliance (IESA)
- Chemexcil
- Small Scale Entrepreneur's Association- TTC

- Thane Belapur Industries Association
- Gujarat Employers Organization
- Karakhadi Dudhwada Industrial Association
- Federation of Indian Export Organisation

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):

Yes, the company has advocated through few of the above associations to help promote and support the Lithium Ion Battery industry locally as they are critical component of Energy Storage System required for renewable and EVs and supporting India's drive for reducing its carbon footprint. This will help in conservation of natural resources, promote green energy, EV and reduce the use of crude and would lead to advancement of public good.

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 its manufacturing locations and focusing on key areas like

- promoting education amongst Children in rural areas by providing laptops and devices, sponsoring scholarships and School/ tuition fees;
- Promoting plantation of Mangrove trees and spreading awareness through Mangrove awareness programmes wherein we have contributed in planting over 10000 saplings till date;
- Empowering small and medium Adivasi farmers through our Water Management Programme in villages which includes contribution towards construction of Borewells, Tubewells and water tanks wherein 34 borewells were set up during the FY 2021-22 after conducting surveys and identifying villages facing water scarcity and till date the company has contributed in constructing almost 80 borewells which has benefited over 20 villages;
- Providing seeds to small-scale farmers in south Gujarat which assist farmers in cultivating Dangar and Bhinda in over 700 acres of land till date;

- Supporting Gobar Gas Project;
- Supporting wormiculture and providing vermicompost beds thereby ensuring environmental sustainability and agriculture development;
- promoting health care including preventive health care and sanitation by contributing towards manufacturing of prosthetic arms for the needy and supporting health checkup projects;
- Supporting women empowerment projects;
- Rural development projects which includes construction of Toilets;
- Contributing its CSR funds towards combating COVID Pandemic.

The detailed report on the same is mentioned in Annex 5 to the Director's 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 most of 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 and 135 of the Companies Act, 2013, the Average Net Profit of the Company for last three financial years was Rs. 3833.12 lakhs. Accordingly, the Company was mandatorily required to spend 2% of the Average Net Profit which amounts to Rs. Rs. 76.66 lakhs against which the Company has spent Rs. Rs. 77.76 lakhs on CSR activities during the financial year 2021-22. For detailed information on the same please refer Annex 5 to the Director's Report.

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 5 to Director's Report (Annual Report on Corporate Social Responsibility)

Principle 9

1. What percentage 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/N.A. /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 behavior 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

Dr. Harin Kanani
Managing Director
DIN: 05136947

Place: Thane
August 6, 2022

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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, 2022, 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, 2022, 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.

Sr. No.	Key Audit Matter	How our audit addressed the Key audit matter
1	<p>Capitalization of property, Plant and Equipment The Company has invested in significant capital project with capital expenditure of Rs. 170.06 Crores during the year ended March 31, 2022 as detailed in note 4 out of which Rs. 166.99 Crores related to the Company's Dahej Unit Plant</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Performed test check of internal financial controls, including IT controls, over the approval, acquisition, Installation and Operation of Property Plant and Equipment • Obtained a listing of new/sub projects initiated/ completed in the year, and selected samples to verify underlying documentation that they had been reviewed and approved in line with the Company's authority.

Sr. Key Audit Matter No.	How our audit addressed the Key audit matter
<p>The significant level of capital expenditure requires consideration of the nature of costs incurred to ensure that capitalization of property, plant and equipment meets the specific recognition criteria in Ind As 16, 'Property, Plant and Equipment', specifically in relation to assets constructed by the Company and application of the management's judgment in assigning appropriate useful life, this are Noted as a key audit matter</p>	<ul style="list-style-type: none"> ● Our audit work included assessing the nature of property, plant and equipment capitalized by the Company to test the validity of amounts capitalized and evaluating whether assets capitalized meet the recognition criteria set out in Ind as 16 ● Performed tests of details by vouching specific expenditures to supporting documentation to validate additions during the year. ● The capitalization of assets in the year, and the useful economic lives assigned, were assessed to be appropriate based on the evidence obtained and as per schedule II
<p>11 Revenue Recognition</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>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ● Understood the processes and controls around established in recognition of revenue. ● Focusing on the Company's revenue recognition for compliance with Ind AS. ● The Company has manual and automated (information technology – IT) controls on recording revenue and accruals for sales returns and discounts. We have evaluated and tested design and operating effectiveness of controls addressing risk. ● Performed test check of sales transactions to verify contractual terms of invoices, acknowledged delivery receipts and tested the transit time to deliver the goods. ● Performing testing on selected statistical samples of revenue transactions recorded during the year end.

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

The Company's management and Board of Directors are responsible for 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, 2020 (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
 - e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in note to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries")

by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

- (b) The Management has represented that, to the best of its knowledge and belief, as disclosed in note to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement.
- v. The Final Dividend Paid by the company during the current year in respect of the same declared for the previous year is in accordance with section 123 of companies act 2013 to the extent it applies to payment of dividend. As stated in the note to

the financial statements, the boards of directors of the company have proposed dividend for the current year which is subject to the approval of the members at the ensuing annual general meeting. The Dividend declared is in accordance with section 123 of the act to the extent it applies to declaration of dividend.

- 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.

UDIN : 22039910AIZSZB7116
For **JMT & ASSOCIATES**
Chartered Accountants
Firm’s Registration No. 104167W

Place: Mumbai
Date: May14, 2022

JAYESH SHAH
Partner
(Membership No.039910)

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. a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use-assets
(B) The Company has maintained proper records showing full particulars of intangible assets.
 - b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular program of physical verification of its property, plant and equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this program, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c) According to the information and explanations given to us, the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favor of the lessee) disclosed in the financial statements are held in the name of the company.
 - d) According to the information and explanations given to us, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
 - e) According to the information and explanations given to us, there are no proceedings initiated or are pending against the company for holding any Benami property under the "Benami Transactions (Prohibition) Act, 1988 and Rules made thereunder.
- ii. In respect of the Company's Inventories:
 - a) In our opinion and according to the information and explanations given to us, physical verification of inventory has been conducted at reasonable intervals by the management. 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. The Company has maintained proper records of inventory. As per information available, the discrepancies noticed on verification between physical stock and book records were not material in relation to the operation of the company and the same have been properly dealt with in the books of account.
 - b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 Crores, in aggregate, at points of time during the year, from banks on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising (stock statements, book debt statements, statements on other Current Asset) filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters and No material discrepancies have been observed
 - iii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee and security to companies, firms, limited liability partnerships or any other parties during the year. but the Company has made investments in companies or any other parties during the year. The Company has granted loans and advances in the nature of loans during the year to Firm and other parties, details of which are stated below. The Company has not provided guarantees or granted loans or advances in the nature of loans during the year to Companies or limited liability partnerships.

- (a) (A) Based on the audit procedures carried out by us and as per the information and explanations given to us, the Company has granted loans to Joint Venture as below:

Particulars	Loans (Rs. In Crores)
Aggregate amount during the year	0.19
- Joint Venture	
Balance outstanding as at the balance sheet date	0.60
- Joint Venture	

- (B) Based on the audit procedures carried out by us and as per the information and explanations given to us, the Company has granted advances in the nature of loans and loans given to other parties as below:

Particulars	Loans given to Employee (Rs. In Crores)
Aggregate amount during the year	0.20
- Other parties	
Balance Outstanding as at the Balance Sheet date – Other Parties	0.33

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the guarantees provided during the year and the terms and conditions of the grant of loans and advances in the nature of loans during the year are, prima facie, not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, in the case of loans and advances in the nature of loans given, the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans and advances in the nature of loans given.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loans granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdue of existing loans or advances in the nature of loans given to same parties.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- (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, 2022 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, 2022 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, 2022 on account of dispute are given below:

Name of Statute	Nature of Dues	Period(s) to which the amount relates	Amount Involved	Forum where dispute is pending
Income Tax Act 1961	Income Tax	A.Y.2010-11	5,93,860	Commissioner of Income Tax (Appeal)

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

- (ix) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in the repayment of loans or borrowings or in the payment of interest thereon to any lender.
- b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a willful defaulter by any bank or financial institution or government or government authority.
- c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained
- d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company
- e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its Joint Venture, as defined in the Act. The Company does not hold any investment in any Subsidiaries or associate (as defined in the Act) during the year ended March 31, 2022.
- f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its Joint Venture (as defined under the Act).
- x.(a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has made preferential allotment of shares during the year. In our opinion, , the Company has complied with the provisions of Sections 42 and 62 of the Act and the funds raised by way of preferential allotment of shares have been used for the purposes for which they were raised,
- xi. (a) 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 course of audit
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors during the year in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) According to the information and explanations given to us, no whistle blower complaints have been received by the Company during the year.
- 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) (a) In our opinion and according to the information and explanations given to us, the Company has

internal audit system commensurate with size and nature of its business.

- (b) The reports of the internal auditors for the period under audit were considered by us while framing our opinion on the financial statements of the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year. hence, provision of section 192 of the act are not applicable to the company
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clauses 3(xvi)(a) and 3(xvi) (b) of the Order are not applicable.
- (b) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (c) According to the information and explanations provided to us during the course of audit, the Group does not have any CICs.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit

report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
- (b) In respect of ongoing projects, the Company has transferred unspent Corporate Social Responsibility (CSR) amount as at the end of the previous financial year, to a Special account within a period of 30 days from the end of the said financial year in compliance with the provision of section 135(6) of the Act.

UDIN : 22039910AIZSZB7116
For **JMT & ASSOCIATES**
Chartered Accountants
Firm's Registration No. 104167W

Place: Mumbai
Date: May 14, 2022

JAYESH SHAH
Partner
(Membership No.039910)

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, 2022 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 authorizations 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, 2022, 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.

UDIN : 22039910AIZSZB7116
For **JMT & ASSOCIATES**
Chartered Accountants
Firm's Registration No. 104167W

JAYESH SHAH
Partner
(Membership No.039910)

Place: Mumbai
Date: May14, 2022

Standalone Balance Sheet

As at March 31, 2022

CIN : L24200MH1989PLC050919

Particulars	Notes	(Rs. in Crores)	
		As at March 31, 2022	As at March 31, 2021
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	4a	281.78	121.53
(b) Right of use assets	4b	3.19	4.85
(c) Capital work-in-progress	5	10.62	114.65
(d) Intangible assets	6	0.16	0.33
(e) Financial assets			
(i) Investments	7	0.45	0.45
(ii) Other financial assets	8	8.48	7.34
(f) Other non-current assets	9	1.60	2.35
Total Non-current Assets		306.28	251.50
(2) Current Assets			
(a) Inventories	10	194.59	114.03
(b) Financial assets			
(i) Investments	11	80.76	-
(ii) Trade receivables	12	109.50	78.55
(iii) Cash and cash equivalents	13a	32.80	0.51
(iv) Bank balances other than (iii) above	13b	12.42	0.70
(v) Loans	14a	0.60	0.41
(vi) Other current financial assets	14b	40.47	24.96
(c) Other current assets	15	21.92	21.41
Total Current Assets		493.06	240.57
TOTAL ASSETS		799.34	492.07
EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	16	24.94	23.33
(b) Other equity	17	414.38	159.79
Total Equity		439.32	183.12
(2) Non current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	121.52	116.10
(ii) Lease Liabilities	19	1.95	1.72
(iii) Other Financial Liabilities	19	3.80	2.00
(b) Long Term Provisions	20	4.04	3.03
(c) Deferred tax liabilities (net)	21	10.61	8.16
Total Non-current Liabilities		141.92	131.01
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	22	76.20	85.79
(ii) Lease Liabilities	22	2.07	4.02
(iii) Trade payables	23		
(a) total outstanding dues of Micro and small Enterprise		6.15	0.71
(b) total outstanding dues of other than Micro and small Enterprise		92.73	65.37
(iv) Other current financial liabilities	24	36.88	19.13
(b) Other current liabilities	25	2.20	1.80
(c) Short-term provisions	26	1.87	1.12
Total Current liabilities		218.10	177.94
Total Liabilities		360.02	308.95
TOTAL EQUITY AND LIABILITIES		799.34	492.07

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's Regn No: 104167W

Jayesh J Shah

 Partner
 Membership No: 039910

Place: Thane

Date: May 14, 2022

Haridas Kanani

 Chairman & Managing Director
 DIN: 00185487

Ketan Vyas

Chief Financial Officer

For and on behalf of the Board of Directors
Dr. Harin Kanani

 Managing Director
 DIN: 05136947

Unnati Kanani

 Company Secretary and Compliance Officer
 M. no. A35131

Standalone Statement of Profit and Loss

for the year ended March 31, 2022

CIN : L24200MH1989PLC050919

(Rs. in Crores)

Particulars	Note	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Continuing Operations			
I. Income			
(a) Revenue from operations	27	487.25	336.41
(b) Other income	28	1.34	0.63
Total Income		488.59	337.04
II. Expenses			
(a) Cost of materials consumed	29	343.77	180.76
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	30	(68.80)	16.87
(c) Employee benefits expense	31	31.50	20.07
(d) Finance costs	32	19.08	13.77
(e) Depreciation and Amortization Expenses	4	11.69	6.90
(f) Other Expense	33	94.19	54.35
Total Expenses		431.43	292.72
III. Profit/(loss) before taxes (I-II)		57.16	44.32
IV. Income tax			
1. Current Tax		9.87	10.37
2. Deferred Tax	21	2.57	2.51
Total Tax Expense		12.44	12.88
V. Profit for the year (III - IV)		44.72	31.44
VI. Other comprehensive income			
Items that will not be reclassified to profit or loss			
(i) Remeasurements of the defined benefit liabilities / (assets)	34	(0.40)	0.08
(ii) Income tax related to items that will not be reclassified to profit or loss	34	0.12	(0.03)
Total other comprehensive (expense)/ income, net of tax		(0.28)	0.05
VII. Total comprehensive income for the year (V-VI)		44.44	31.49
Earnings per equity share of Rs. 10/each on weighted average (in rupees)	35		
- Basic		18.74	13.50
- Diluted		18.74	13.50
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's Regn No: 104167W

Jayesh J Shah

Partner
Membership No: 039910

Place: Thane
Date: May 14, 2022

Haridas Kanani

Chairman & Managing Director
DIN: 00185487

Ketan Vyas

Chief Financial Officer

For and on behalf of the Board of Directors

Dr. Harin Kanani

Managing Director
DIN: 05136947

Unnati Kanani

Company Secretary and Compliance Officer
M. no. A35131

Standalone Statement of Change in Equity

As at March 31, 2022

CIN : L24200MH1989PLC050919

A. Equity share capital

(Also refer Note 16)

Particular	(Rs. in Crores)	
	Total Equity	
As on April 1, 2020	23.33	
Issue of Share Capital During the Year	-	
As on March 31, 2021	23.33	
Issue of Share Capital During the Year	1.60	
As on March 31, 2022	24.94	

B. Other Equity

(Also refer Note 17)

Particular	(Rs. in Crores)					Total Other Equity
	General Reserve	Retained Earnings	Capital Reserve on Business Combination	Securities Premium	Special Economic zone Re-investment reserve account	
Balance as at April 1, 2020	3.50	62.14	7.20	60.56	-	133.40
Profit/Loss for the year	-	31.44	-	-	-	31.44
Other comprehensive income for the year	-	-	-	-	-	-
Security Premium	-	0.05	-	-	-	0.05
Total inclusive of comprehensive income for the year	-	31.49	-	-	-	31.49
Transfer to General Reserve	-	-	-	-	-	-
Special Economic zone Reinvestment reserve account	-	(0.26)	-	-	0.26	-
Equity Dividend	-	(4.67)	-	-	-	(4.67)
Taxes paid of earlier years	-	(0.43)	-	-	-	(0.43)
Tax on Interim & Final Dividend	-	-	-	-	-	-
Balance as at March 31, 2021	3.50	88.27	7.20	60.56	0.26	159.79
Profit/Loss for the year	-	44.72	-	-	-	44.72
Security Premium*	-	-	-	216.08	-	216.08
Other comprehensive income for the year	-	(0.28)	-	-	-	(0.28)
Total inclusive of comprehensive income for the year	-	44.44	-	216.08	-	260.52

Standalone Statement of Change in Equity (contd.)

As at March 31, 2022

CIN : L24200MH1989PLC050919

(Rs. in Crores)

Particular	Other Equity					Total Other Equity
	General Reserve	Retained Earnings	Capital Reserve on Business Combination	Securities Premium	Special Economic zone Re-investment reserve account	
Transfer to General Reserve	-	-	-	-	-	-
Transfer to/from Capital Redemption Reserve - FRCPS	-	-	-	-	-	-
Transfer to/from Capital Redemption Reserve - OCPS	-	-	-	-	-	-
Equity Dividend	-	(5.25)	-	-	-	(5.25)
Taxes paid of earlier years	-	(0.68)	-	-	-	(0.68)
Tax on Interim & Final Dividend	-	-	-	-	-	-
Balance as at March 31, 2022	3.50	126.78	7.20	276.64	0.26	414.38

*Proceeds received during FY2022 of securities premium is net of issue expenses

In the Financial Year 2019-20 the Company has completed an Issue of 6,155,813 equity shares of face value of Rs. 10 each of the Company for cash at a price of Rs. 215.00 per equity share (including a share premium of Rs. 205.00 per equity share) aggregating to Rs. 1,32.35 Crores (OFFER). The offer comprised of a fresh issue of 3,255,813 equity shares of the company aggregating Rs. 70 Crores (FRESH ISSUE) and an offer for sale of 29,00,000 equity shares by a promoter and promoter group selling shareholder aggregating Rs. 62.35 Crores (OFFER FOR SALE). The Equity Shares of the Company were listed on May 8, 2019 on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

The Board of Directors at its meeting held on December 8, 2021, inter alia approved the issue and offer of 16,04,710 equity shares on preferential basis for cash consideration. Subsequently the shareholders of the Company at its Extra Ordinary General meeting held on December 31, 2021 has approved issue and offer of 16,04,710 shares of face value of Rs. 10 each on preferential basis at an issue price of Rs. 1,402.12 per Equity Share (including a premium of Rs. 1,392.12 per Equity Share) aggregating up to Rs. 225 Crores to the identified investors. The allotment of the said equity shares of the Company on a preferential basis was done on January 6, 2022. The Equity shares were listed at BSE Limited and National Stock Exchange of India Limited.

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's Regn No: 104167W

Jayesh J Shah

Partner
Membership No: 039910

Place: Thane

Date: May 14, 2022

Haridas Kanani

Chairman & Managing Director
DIN: 00185487

Ketan Vyas

Chief Financial Officer

For and on behalf of the Board of Directors

Dr. Harin Kanani

Managing Director
DIN: 05136947

Unnati Kanani

Company Secretary and Compliance Officer
M. no. A35131

Standalone Statement of Cash Flow

for the year ended March 31, 2022

CIN : L24200MH1989PLC050919

(Rs. in Crores)

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
A) Cash Flow from Operating Activities		
Net Profit/ (Loss) before extra- ordinary items & tax	57.16	44.32
Adjustments for non-cash transaction and items considered separately :		
Finance costs recognised in profit or loss	19.08	13.77
Investment income recognised in profit or loss	(1.29)	(0.51)
Provision for non cash items	0.21	0.05
Loss on disposal of property, plant and equipment	(0.11)	-
Net (gain)/loss recorded in profit or loss on financial liabilities designated as fair value through profit or loss	1.49	(0.80)
Depreciation and amortisation of non-current assets	11.69	6.90
Net foreign exchange (gain)/loss	(7.06)	(6.66)
Operating profit before working capital changes	81.17	57.07
Movements in working capital:		
(Increase) /decrease in trade and other receivables	(31.16)	(3.37)
(Increase)/decrease in inventories	(80.56)	15.84
(Increase)/decrease in other current and non current financial assets	(16.41)	(21.62)
Increase /(decrease) in trade and other payables	39.86	36.89
Increase/(decrease) in other liabilities	18.10	8.85
Cash flow from / (utilised in) operating activities post working capital changes	(70.17)	36.59
Income taxes (paid)/ Refunds (net)	(9.80)	(10.37)
Net cash flow from / (utilized in) in operating activities (A)	1.20	83.29
B) Cash Flow from Investing Activities		
Payments to acquire financial assets	(80.76)	-
Interest received		
- BANK & OTHERS	1.11	0.13
- Other Income	0.18	0.38
Amounts advanced to related parties	(0.19)	0.23
Payments for property, plant and equipment (Net)	(170.28)	(23.06)
Capital WIP	104.04	(111.95)
Proceeds from disposal of property, plant and equipment	0.11	-
Payments for intangible assets	0.17	(0.02)
Net cash flow from / (utilized in) in investing activities (B)	(145.62)	(134.29)
C) Cash flows from financing activities		

Standalone Statement of Cash Flow (contd.)

for the year ended March 31, 2022

CIN : L24200MH1989PLC050919

(Rs. in Crores)

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Proceeds from issue of equity instruments of the Company	225.00	-
Payment for share issue costs	(7.31)	-
Proceeds from borrowings	38.88	97.84
Repayment of borrowings	(43.04)	(28.24)
Finance Cost	(19.08)	(13.77)
Other items / Taxes	(0.77)	(0.43)
Dividends paid (incl. Tax)	(5.25)	(4.67)
Net cash flow from / (utilised in) financing activities (C)	188.43	50.73
Net increase / (decrease) in cash and cash equivalents (A + B + C)	44.01	(0.27)
Cash and cash equivalents at the beginning of the year	1.21	1.48
Cash and cash equivalents at the end of the year	45.22	1.21
Reconciliation of cash and cash equivalents as per the cash flow Statement		
Cash and cash equivalents	32.80	0.51
Bank balances other than above	12.42	0.70
Balance as per statement of cash flows	45.22	1.21

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

Changes in liability arising from financing activities

Particular	April 1, 2021	Cash Flows		March 31, 2022
		Receipts	Payments	
Current Borrowings	85.79	22.74	32.33	76.20
Non-current Borrowings	130.21	29.03	10.71	148.53
Total	216.00	51.77	43.04	224.73

Notes forming part of the Standalone financial statements 1-43

As per our report of even date attached

For JMT & Associates

Chartered Accountants
Firm's Regn No: 104167W

Jayesh J Shah

Partner
Membership No: 039910

Place: Thane

Date: May 14, 2022

Haridas Kanani

Chairman & Managing Director
DIN: 00185487

Ketan Vyas

Chief Financial Officer

For and on behalf of the Board of Directors

Dr. Harin Kanani

Managing Director
DIN: 05136947

Unnati Kanani

Company Secretary and Compliance Officer
M. no. A35131

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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. Neogen's Karakhadi, Vadodara Facility is ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 certified by Bureau Veritas Certification Holding SAS; Its Mahape, Navi Mumbai Facility is ISO 9001:2015 certified by Bureau Veritas Certification Holding SAS; and Dahej SEZ, Gujarat Facility is ISO 9001:2015, ISO 14001:2015 & ISO 45001:2018 Certified by Bureau Veritas Certification Holding SAS and GMP Certified by SGS. It has Star Export House from Government of India and Crisil rating.

The Board of Directors at its meeting held on December 8, 2021, inter alia approved the issue and offer of 16,04,710 equity shares on preferential basis for cash consideration. Subsequently the shareholders of the Company at its Extra Ordinary General meeting held on December 31, 2021 has approved issue and offer of 16,04,710 shares of face value of Rs. 10 each on preferential basis at an issue price of Rs. 1,402.12 per Equity Share (including a premium of Rs. 1,392.12 per Equity Share) aggregating up to Rs. 225 Crores to the identified investors. The allotment of the said equity shares of the Company on a preferential basis was done on January 6, 2022. The Equity shares were listed at BSE Limited and National Stock Exchange of India Limited.

These financial statements are approved for issue by the Board of Director on May 14, 2022

2. Basis of preparation and Significant accounting policies

2.1 Basis 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.

2.2 Basis of preparation and presentation

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. Deferred tax assets and liabilities are classified as non-current only. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standard) 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 Crores as per the requirement of Schedule III of the Companies Act 2013, unless otherwise stated.

Notes to Standalone Financial Statements

for the year ended March 31, 2022

2.3 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.

2.4 Basis of measurement

The standalone 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

2.5 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 (q) (iii)
- Current Tax expense and current tax payable - Note 2.6 (m)
- Deferred tax assets for carried forward tax losses - Note 2.6 (m)
- 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.

2.6 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 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

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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 recognized 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 recognized 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 recognized as interest expense and not included in cost of asset.

Depreciation and amortization 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 which 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	20 years

Description of Asset Class	Useful life as per Schedule II
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 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 amortized 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 recognized is derecognized 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 derecognized.

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,

Notes to Standalone Financial Statements

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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 viz. 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 recognized in the statement of profit and loss when the asset is derecognized. 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 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

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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 an 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 (₹) which is also the functional currency of the Company, rounded off to nearest Crores 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 recognized 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.

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for the year ended March 31, 2022

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 recognized 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 recognized 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 recognized.

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

The company manufactures and sells a range of products to various customers. In case of contracts with customers, revenue is recognised when the significant risk and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and

possible return of goods can be estimated reliably, there is no continuing management involvement with the goods to the degree usually associated with the ownership, and the amount of revenue can be measured reliably, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable. Revenue recognised in relation to these contracts in excess of billing is recognised as a Contract Asset. In remaining cases revenue is recognised over Company's performance does not create an asset with alternative use to the Company and the entity has an enforceable right to payment for performance completed till date. Accumulated experience is used to estimate and provide for the discounts and returns and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in other current liabilities) is recognised for expected returns from the customer. Liability (included in other financial liabilities) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. Amounts disclosed as revenue are net of returns, discounts, volume rebates and net of goods and service tax. Incentives on exports are recognised in books after due consideration of certainty of utilisation / receipt of such incentives

j) Other income

a. Interest Income

Interest income is recognized on time proportion basis considering the amount outstanding and rate applicable. For all financial assets measured at amortized cost, interest income is recorded using the effective interest rate (EIR) i.e. 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

Notes to Standalone Financial Statements

for the year ended March 31, 2022

Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the years in which the Company recognises 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 recognized 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 capitalized 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. Capitalization 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 recognized in the financial statement of profit and loss comprises the sum of deferred tax and current tax not recognized 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 recognized outside statement of profit and loss (i.e. in OCI or equity depending upon the treatment of underlying item).

Deferred tax liabilities are generally recognized in full for all taxable temporary differences. Deferred

tax assets are recognized to the extent that it is probable that the underlying tax loss, unused tax credits or deductible temporary difference will be utilized 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. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized 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 realized, 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 recognized outside the statement of profit and loss is recognized outside statement of profit and loss (in OCI or equity depending upon the treatment of underlying item).

Minimum Alternate Tax ('MAT') credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognized 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 good or services from the units registered under the Special Economic Zones Act (SEZs), 2005. SEZ units which began the manufacturing of goods or provision of services on or after April 1, 2005 are eligible for a deduction of

Notes to Standalone Financial Statements

for the year ended March 31, 2022

100% of profits or gains derived from the export of goods or services for the first five years from the financial year in which the unit commenced the manufacturing of goods or provision of services and 50% of such profits or gains for further five years. Upto 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 utilization 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 equipments and and lease liabilities in financial liabilities in the statement of financial position. (Refer Note 19)

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 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

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produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Land under perpetual lease 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, 2022 and March 31, 2021 respectively, there was only one customer who has contributed to 10% or more of the company's revenue. The company is not reliant on revenue from transactions with any single 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 recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized. 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 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2022

(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 recognized 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 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 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 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

Notes to Standalone Financial Statements

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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 recognized 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 Employee benefit obligations

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 obligations:

- (a) defined benefits plans such as gratuity and leave encashment, and
- (b) defined contribution plans such as provident fund etc.

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for the year ended March 31, 2022

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 define 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 this 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 terminations 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 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 measured 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)

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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.

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.

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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 (i.e. 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 life-time 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 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

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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.

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.

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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 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 '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

Notes to Standalone Financial Statements

for the year ended March 31, 2022

enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

z) Recent accounting pronouncement

Amendment to Ind AS 109 “Financial Instruments” and Ind AS 107 “Financial Instruments: Disclosures” – Interest rate Benchmark Reform Phase 2

The amendment focuses on the potential financial reporting issues that may arise when interest rate benchmarking reforms are either reformed or replaced. The key reliefs provided by the Phase 2 amendments are:

- Changes to contractual cash flows - When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes that are required by an interest rate benchmark reform will not result in an immediate gain or loss in the profit and loss statement
- Hedge accounting - The hedge accounting reliefs will allow most Ind AS 39 or Ind AS 109 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded.

The amendments do not have significant impact on the financial statements.

Amendment to Ind AS 103 “Business Combination”

Reference to Conceptual Framework The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103 – Business Combinations.

The Company does not expect the amendment to have any significant impact in its financial statements.

Amendment to Ind AS 16 “Property, Plant and Equipment” - Proceeds before intended use

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognized in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

3. Leases

The company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at April 1, 2019.

(Rs. in Crores)

Particulars	March 31, 2022	March 31, 2021
	Amount	Amount
Lease commitments as at beginning of year	5.74	7.19
Add/(less): contracts reassessed as lease contracts	0.00	0.00
Add/(less): adjustments on account of extension/termination	0.00	0.00
Lease liabilities as at end of year	4.02	5.74
Current lease liability	2.07	4.02
Non current lease liabilities	1.95	1.72

Notes to Standalone Financial Statements

for the year ended March 31, 2022

3.1 (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. (Rs. in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Property, plant and equipment owned	-	-
Right-of-use assets, except for investment property	-	-

(B) Carrying value of right of use assets at the end of the reporting period

(Rs. in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Right-of-use assets, except for investment property		
Office premises at Baroda	0.15	0.21
Warehouse at Navi Mumbai	1.83	2.71
Office premises at Thane	1.21	1.93
	3.19	4.85

(C) Maturity analysis of lease liabilities

(Rs. in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Maturity analysis – contractual undiscounted cash flows		
Less than one year	2.07	4.02
One to five years	1.95	1.72
More than five years	0.00	0.00
Total undiscounted lease liabilities	4.02	5.74
Lease liabilities included in the statement of financial position at the year end	0.00	0.00
Current	2.07	4.02
Non-Current	1.95	1.72

(D) Amounts recognised in profit or loss

(Rs. in Crores)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on lease liabilities	0.49	0.65
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	2.22	1.57
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	-	-

Notes to Standalone Financial Statements

for the year ended March 31, 2022

(E) Amounts recognised in the statement of cash flows

(Rs. in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Total cash outflow for leases	4.62	3.67

3.1 (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.

Notes Accompanying Standalone Financial Statements

for the year ended March 31, 2022

4a. Property, plant and equipment

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2022 and March 31, 2021

Description	Freehold Land	Leasehold Land	Factory buildings	Plant & Machineries	M.S. Structure & FRP	Quality Control Instruments	R & D Equipments	Effluent Treatment Equipments	Safety Equipments	Office Equipments	I.T Equipments	Motor Car	Furniture & Fixtures	Total	
															(Rs. in Crores)
Gross carrying value (at deemed cost)															
Balance as at April 1, 2020*	28.06	9.05	16.36	41.85	5.24	2.79	2.28	0.65	0.35	0.95	1.39	0.73	2.49	112.18	
Additions	-	-	1.54	19.63	0.28	0.69	0.07	-	0.16	0.18	0.30	-	0.14	22.99	
Deletions / discarded / adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at March 31, 2021	28.06	9.05	17.90	61.48	5.51	3.48	2.35	0.65	0.51	1.12	1.69	0.73	2.63	135.17	
Additions	-	-	46.63	105.43	0.05	4.89	0.30	7.02	3.13	0.74	1.01	-	0.83	170.03	
Deletions / discarded / adjustments	-	-	-	-0.03	-	-	-	-	-	-	-	-	-	(0.03)	
Balance as at March 31, 2022	28.06	9.05	64.53	166.88	5.56	8.37	2.65	7.67	3.64	1.86	2.69	0.73	3.46	305.17	
Accumulated depreciation															
As at April 1, 2020*	-	0.40	1.03	3.63	0.98	0.60	0.36	0.16	0.08	0.21	0.65	0.11	0.23	8.46	
Charge for the year	-	0.16	0.64	2.52	0.37	0.30	0.22	0.05	0.03	0.19	0.36	0.09	0.26	5.18	
Deletions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at March 31, 2021	-	0.55	1.67	6.15	1.35	0.90	0.58	0.21	0.11	0.40	1.01	0.20	0.49	13.64	
Charge for the year	-	0.16	1.47	5.58	0.38	0.60	0.23	0.24	0.12	0.26	0.56	0.09	0.27	9.96	
Deletions	-	-	-	(0.06)	-	(0.12)	-	-	-	-	(0.02)	-	(0.01)	(0.21)	
Balance as at March 31, 2022	-	0.71	3.14	11.67	1.73	1.37	0.81	0.46	0.23	0.66	1.54	0.29	0.75	23.39	
Net carrying amount															
As at March 31, 2021	28.06	8.50	16.23	55.33	4.16	2.58	1.77	0.44	0.40	0.72	0.68	0.54	2.14	121.53	
As at March 31, 2022	28.06	8.34	61.39	155.21	3.83	7.00	1.84	7.21	3.41	1.20	1.15	0.45	2.71	281.78	

*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 18a.

Notes to Standalone Financial Statements

for the year ended March 31, 2022

4b. Right of Use Assets

Following are the changes in the carrying value of Right to Use Assets for the year ended March 31, 2022 and the year ended March 31, 2021

Description	(Rs. in Crores)	
	Balance as at March 31, 2022	Balance as at March 31, 2021
Opening	7.90	7.90
Additions	-	-
Deletions / discarded / adjustments	-	-
	7.90	7.90
Less: Accumulated Amortization		
Opening balance	3.05	1.39
Charge for the year	1.66	1.66
Deletions	-	-
	4.71	3.05
Net Carrying Amount	3.19	4.85

5. Capital Work in Progress

Following are the changes in the carrying value of Capital work in progress for the year ended March 31, 2022 and the year ended March 31, 2021

Description	(Rs. in Crores)	
	Balance as at March 31, 2022	Balance as at March 31, 2021
Opening	114.65	2.69
Additions	66.03	117.41
Capitalised during the year	(170.06)	(5.45)
Closing	10.62	114.65

CWIP aging schedule as on March 31, 2022

CWIP	(Rs. in Crores)		Total
	Amount in CWIP For a period of Less than 1 year	1-2 years	
Projects in progress*	10.26	0.36	10.62

*Project in progress consists amount of Rs. 1.32 Crores of intangible assets (software) under capital work in progress

CWIP aging schedule as on March 31, 2021

CWIP	(Rs. in Crores)		Total
	Amount in CWIP For a period of Less than 1 year	1-2 years	
Projects in progress*	113.02	1.63	114.65

*Project in progress consists amount of Rs. 0.13 Crores of intangible assets (software) under capital work in progress

Note: There were no assets/projects forming part of CWIP, which have become overdue compared to their original plans or where costs exceeded compared to original plans.

Notes to Standalone Financial Statements

for the year ended March 31, 2022

6. Intangible assets

Following are the changes in the carrying value of Intangible assets for the year ended March 31, 2022 and the year ended March 31, 2021

Description	(Rs. in Crores)	
	Balance as at March 31, 2022	Balance as at March 31, 2021
SOFTWARE and CONSULTANCY		
Opening	0.46	0.38
Additions	0.03	0.08
Deletions / discarded / adjustments*	(0.13)	-
	0.36	0.46
Less: Accumulated Amortization		
Opening balance	0.13	0.06
Charge for the year	0.07	0.07
Deletions		
	0.20	0.13
Net Carrying Amount	0.16	0.33

* Reclassified to property, plant and equipment under plant & machinery

7. Non-current financial assets - Investments (measured at cost)

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Investment in Partnership Firm - Dhara Fine Chem Industries	0.45	0.45
Total	0.45	0.45

8. Non-current other financial assets (Unsecured, considered good)

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Security Deposits	8.48	7.34
Total	8.48	7.34

9. Other non-current assets (Unsecured, considered good)

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Capital advances	1.60	2.35
Total	1.60	2.35

Notes to Standalone Financial Statements

for the year ended March 31, 2022

10. Inventories

(valued at lower of cost and net realisable value)

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
- Raw materials*	36.38	27.40
- Work in Progress*	141.18	78.67
- Finished goods*	11.91	5.62
- Stores & Spares	2.75	1.88
- Fuel	0.13	0.08
- Packing	2.24	0.38
Total	194.59	114.03

*Hypothecated with Banks against Working Capital facilities

11. Current Investments

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Quoted Investment in Growth mutual funds	60.57	
Unquoted Investment in State Government bonds	5.17	-
Unquoted Investment in Inter Corporate Loans	15.02	-
	80.76	-
Aggregate amount of quoted investments	60.18	
Market value of quoted investments	60.57	
Aggregate amount of unquoted investments	20.19	
Aggregate amount of impairment in value of investments	-	

12. Trade Receivables*

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
- Unsecured, considered good -Outstanding for more than Six Months	3.12	2.41
Unsecured considered good		
For Export	17.27	17.04
For Domestic	89.32	59.15
Provision for doubtful debts	(0.21)	(0.05)
Total	109.50	78.55

*Hypothecated with Banks

Notes to Standalone Financial Statements

for the year ended March 31, 2022

Trade Receivable Aging schedule as on March 31, 2022

(Rs. in Crores)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 6 months	6 months - 1 year	1-2 years	More than 2 years	
Undisputed trade receivables - considered good	0.83	2.74	0.17	0.21	3.95
Less: Provision for doubtful debts					(0.21)
					3.74

Note: Amount not due is Rs. 105.76 Crores

Trade Receivable Aging schedule as on March 31, 2021

(Rs. in Crores)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 6 months	6 months - 1 year	1-2 years	More than 2 years	
(i) Undisputed trade receivables - considered good	0.30	1.57	0.39	0.45	2.71
Less Provision for doubtful debts					(0.05)
					2.66

Note: Amount not due is Rs. 75.89 Crores

13a. Cash and cash equivalents

(Rs. in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance with banks :		
- in current account	32.66	0.35
Cash in hand	0.14	0.16
Total	32.80	0.51

13b. Bank balances other than those disclosed in Note 13a above

(Rs. in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
- in deposit accounts held as margin money against Bank Guarantee & Letter of credit	12.42	0.70
Total	12.42	0.70

Notes to Standalone Financial Statements

for the year ended March 31, 2022

14a. Loans

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Loan to Related Parties - Partnership firm Dhara Fine Chem Industries (Joint Venture)*	0.60	0.41
Total	0.60	0.41

*Refer Note 37 - Related Party Disclosures

14b. Other Current financial assets

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
(Measured at Amortised Cost)		
Loans and Advances to employees	0.38	0.41
Contract assets	36.18	23.97
(Asset measured at Fair Value through Profit or loss)		
Derivative Asset for Forwards Contracts	3.91	0.58
Total	40.47	24.96

15. Other current assets

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Advances to Trade Creditors	5.06	1.41
Balances with Government Authorities	12.80	16.97
Prepaid expenses	4.06	3.03
Total	21.92	21.41

16. Share Capital

Particulars	(Rs. in Crores)			
	As at March 31, 2022		As at March 31, 2021	
	No of Shares	Rs.	No of Shares	Rs.
Authorised				
Equity Shares of Rs.10/- each	2,50,00,000	25.00	2,50,00,000	25.00
10% Optionally Convertible Preference Shares of Rs.100/- each .	5,00,000	5.00	5,00,000	5.00
9.8% Redeemable Cumulative Preference Shares of Rs.100/- each	20,00,000	20.00	20,00,000	20.00
		50.00		50.00
Issued, Subscribed and Fully Paid up				
Equity Shares of Rs.10/- each fully paid-up	2,49,39,316	24.94	2,33,34,606	23.33
10% Optionally Convertible Preference Shares of Rs.100/- each**	-	-	-	-
9.8% Fully Redeemable Cumulative Preference Shares of Rs.100/- each **	-	-	-	-
	2,49,39,316	24.94	2,33,34,606	23.33

** On transition to Ind AS as per Ind As 109 the same has been considered under Long Term Borrowings.

Notes to Standalone Financial Statements

for the year ended March 31, 2022

16.1 The reconciliation of the number of shares outstanding is set out below:-

Particulars	As at March 31, 2022		As at March 31, 2021	
	No of Shares	Rs.	No of Shares	Rs.
At the beginning of the year				
Equity Shares outstanding at the beginning of the year	2,33,34,606	23.33	2,33,34,606	23.33
Add: Issued during the year				
Equity shares allotted	16,04,710	1.60	-	-
At the end of the year				
Equity Shares outstanding at the end of the year	2,49,39,316	24.94	2,33,34,606	23.33
Equity shares issued during year			-	-

16.2.(a) Rights, Preferences & Restriction of each class of shares

The Company has only one class of equity shares of a face value of Rs. 10 per share. Each Shareholder is eligible for one vote per share.

During the FY 2019-20 the Company has completed an Issue of 6,155,813 equity shares of face value of Rs. 10 each of the Company for cash at a price of Rs. 215.00 per equity share (including a share premium of Rs. 205.00 per equity share) aggregating to Rs. 1,32.35 Crores (OFFER). The offer comprised of a fresh issue of 3,255,813 equity shares of the company aggregating Rs. 70 Crores (FRESH ISSUE) and an offer for sale of 29,00,000 equity shares by a promoter and promoter group selling shareholder aggregating Rs. 62.35 Crores (OFFER FOR SALE) and the equity shares were listed at BSE and NSE 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.

During the year the company issued 16,04,710 equity shares of Rs. 10/- each on preferential basis at a premium of Rs. 1392.12/- per share to the identified investors and the shares were allotted on January 6, 2022 and listed at BSE on January 14, 2022 and at NSE on January 13, 2022.

16.3 Details of Equity shares held by each equity shareholder holding more than 5% shares:

Class of Shares / Name of Shareholder	As at March 31, 2022		As at March 31, 2021	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with Voting Rights				
Mr. Haridas Kanani	1,19,00,078	47.72%	1,19,00,078	51.00%
Dr. Harin Kanani	20,00,000	8.02%	20,00,000	8.57%
SBI Mutual Fund under its various Schemes	17,69,339	7.09%	12,72,846	5.45%
Axis Mutual Fund under its various schemes	17,95,455	7.20%	11,63,406	4.99%

Notes to Standalone Financial Statements

for the year ended March 31, 2022

(Rs. in Crores)

Shares held by promoters and promoter group at the end of the year						
Promoter Name	Entity Type	As at March 31, 2022		As at March 31, 2021		% Change during the year*
		No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	
Mr. Haridas Kanani	Promoters	1,19,00,078	47.72%	1,19,00,078	51.00%	-3.28%
Dr. Harin Kanani	Promoters	20,00,000	8.02%	20,00,000	8.57%	-0.55%
Beena Kanani	Promoter Group	1,00,309	0.40%	1,00,309	0.43%	-0.03%
Pratik Malia	Promoter Group	2,233	0.01%	2,233	0.01%	0.00%
Malia Kishor	Promoter Group	2,000	0.01%	2,000	0.01%	0.00%
Vanita Madhwani	Promoter Group	2,000	0.01%	-	0.00%	0.01%
Asha Dalal	Promoter Group	1,990	0.01%	1,990	0.01%	0.00%
Charulata Reshamwala	Promoter Group	1,062	0.00%	1,062	0.00%	0.00%
Amritlal Kanani	Promoter Group	1,000	0.00%	1,000	0.00%	0.00%
Arun Krishnalal Gandhi	Promoter Group	1,000	0.00%	1,000	0.00%	0.00%
Rashmikant Gandhi	Promoter Group	1,000	0.00%	1,000	0.00%	0.00%
Pallika Kanani	Promoter Group	9,98,000	4.00%	10,00,000	4.29%	-0.28%

*There is a % change during the year in the promoter and promoter group shareholders holding due to increase in the paid up capital of the Company from 23334606 to 24939316 during the year under review post issue of equity shares on preferential basis.

17. Other Equity

(Rs. in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
General Reserve	3.50	3.50
Retained Earnings (including other comprehensive income)	126.78	88.27
Securities Premium	276.64	60.56
Capital Reserve on Business Combination	7.20	7.20
Special Economic zone Re-investment reserve account	0.26	0.26
Total	414.38	159.79
General Reserve		
Opening balance	3.50	3.50
Add: Additional during the year	-	-
Closing balance	3.50	3.50

Notes to Standalone Financial Statements

for the year ended March 31, 2022

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Retained Earnings		
Opening balance	88.27	62.14
Add: Profit/(loss) for the year	44.72	31.44
Other comprehensive income /(loss) (net of taxes)	(0.28)	0.05
Less:		
Dividend on Equity Shares	5.25	4.67
Others	0.68	0.43
Special Economic zone Re-investment reserve account	-	0.26
Closing balance	126.78	88.27
Securities Premium		
Opening balance	60.56	60.56
Add: during the year	216.08	-
Closing balance	276.64	60.56
Special Economic zone Re-investment reserve account		
Opening balance	0.26	-
Add: Transferred from Profit/(loss) for the year	-	0.26
Closing balance	0.26	0.26

Nature	Purposes of other Reserves
General Reserve	This represents accumulated free reserves of the company
Retained earnings	All the profit or losses made by the company are transferred to statement of P & L from Standalone statement of profit & losses
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

18. Borrowings

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Secured (at amortised cost)		
Term loans from Banks and Financial Institutions*	121.52	116.10
Total	121.52	116.10

*Refer Note 39 for Company's exposure to liquidity risk and interest rate risk

Notes to Standalone Financial Statements

for the year ended March 31, 2022

18a.

(Rs. in Crores)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Non - current	Current	Non - current	Current
Secured loans				
Term Loan	121.52	27.01	116.10	14.11
Working Capital	-	76.20	-	85.79
Total	121.52	103.21	116.10	99.90

As at March 31, 2022		As at March 31, 2021		Terms of Repayments	Security
Non - current	Current	Non - current	Current		
121.52	27.01	116.10	14.11	Installment of 1-3 years Rs. 97.93 Crores, 3-5 years Rs. 23.59 Crores	First Pari Passu charge on all immovable properties and movable assets both present and future located at Mahape, Karakhadiand Dahej SEZ

(Rs. in Crores)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Non - current	Current	Non - current	Current
Working capital loans from banks (secured)				
Rupee loan		0.00		82.32
Foreign currency loan		76.20		3.47
Total		76.20		85.79

Working capital loans of Rs. 76.20 (as at March 31, 2021 Rs. 85.79) are secured by:

- First **Pari passu** charge by way of hypothecation of stocks of raw materials, finished goods, work-in-process, and book debts / receivables of the Company, both present and future.
- First **Pari passu** charge on all Movable and immovable properties except GECL facility from HDFC Bank Limited wherein Second **Pari passu** charge is created on movables and immovables.

19. Other Non - Current Financials Liabilities

(Rs. in Crores)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Non - current	Current	Non - current	Current
Lease Liabilities	1.95		1.72	
Retention Money (measured at amortised cost)	2.00		2.00	
Other Non - Current Financials Liabilities	1.80		-	
Total	5.75		3.72	

Notes to Standalone Financial Statements

for the year ended March 31, 2022

20. Long-term provisions

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits (Refer Note 38)		
Gratuity	1.38	1.15
Compensated Absences	2.66	1.88
Total	4.04	3.03

21. Deferred Tax Liabilities (Net)*

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Tax effect of items constituting deferred tax (assets) / liabilities		
Provision for employee benefits	(1.76)	(1.20)
Long term borrowing	(0.24)	(0.26)
Property, Plant & Equipment	21.09	9.62
MAT credit	(8.48)	-
Total	10.61	8.16

*Inclusive of Other comprehensive Income Tax

22. Current financial liabilities - Borrowings

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Secured (at amortised cost)*		
- Loans repayable on demand -Banks	76.20	77.25
- Cash credit facilities	-	8.54
Lease Liability	2.07	4.02
Total	78.27	89.81

*Refer Note 39 for Company's exposure to liquidity risk and interest rate risk

23. Trade payables

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Micro, Small and Medium Enterprises*	6.15	0.71
Trade payables	92.73	65.37
Total	98.88	66.08

*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, 2022 & March 31, 2021

Notes to Standalone Financial Statements

for the year ended March 31, 2022

Trade Payables Aging schedule as on March 31, 2022

(Rs. in Crores)

Particulars	Outstanding for following periods from due date of payment			Total
	Less than 1 year	1-2 years	2-3 years	
(i) M S M E	-	-	-	-
(ii) Others	5.69	-	-	5.69
(iii) Disputed dues - MSME	-	-	-	-
(ii) Disputed dues- Others	-	-	-	-

Note: Amount not due is Rs. 93.19 Crores

Trade Payables Aging schedule as on March 31, 2021

(Rs. in Crores)

Particulars	Outstanding for following periods from due date of payment			Total
	Less than 1 year	1-2 years	2-3 years	
(i) M S M E	-	-	-	-
(ii) Others	0.61	-	-	0.61
(iii) Disputed dues - MSME	-	-	-	-
(ii) Disputed dues- Others	-	-	-	-

Note: Amount not due is Rs. 65.47 Crores

24. Other Current financial liabilities (measured at Amortised Cost)

(Rs. in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Current maturities of long-term debt - Secured*	27.01	14.11
Others payables	3.01	2.59
Salary payable	2.78	2.20
Other Deposits	2.28	0.04
Deferred revenue income	1.80	0.19
Total	36.88	19.13

*Refer Note 39 for Company's exposure to liquidity risk and interest rate risk

25. Other current liabilities

(Rs. in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues payables (includes TDS, PF, WCT, Others)	2.11	0.81
Provision for taxation (net of advance tax)	0.09	0.99
Total	2.20	1.80

Notes to Standalone Financial Statements

for the year ended March 31, 2022

26. Short-term provisions

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits (Refer Note 38)		
Gratuity	1.50	0.98
Compensated Absences	0.37	0.14
Total	1.87	1.12

27. Revenue from operations

Particulars	(Rs. in Crores)	
	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Sale of products Comprises Manufactured goods of Chemicals		
Sales	551.85	386.37
Less : GST , customs duty and cess Recovered	76.91	64.41
Net Sales (excluding GST)	474.94	321.96
Other Operating Revenue	12.31	14.45
Total	487.25	336.41

28. Other income

Particulars	(Rs. in Crores)	
	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Interest from banks on Fixed Deposits	0.19	0.04
Unrealised Gain on fair valuation of Quoted Investment	0.39	-
Interest income-others	0.36	0.09
Other Non Operating Income:		
Interest on loan from Partnership firm	0.05	0.11
Share of Profit from Partnership firm	0.17	0.38
Others	0.18	0.01
Total	1.34	0.63

29. Cost of Materials Consumed

Particulars	(Rs. in Crores)	
	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Opening stock	27.40	26.50
Purchases	352.75	181.66
	380.15	208.16
Less: Closing stock	36.38	27.40
Cost of raw material consumed	343.77	180.76

Notes to Standalone Financial Statements

for the year ended March 31, 2022

30. Changes in inventories of finished goods and work in progress

Particulars	(Rs. in Crores)	
	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Opening Stock :		
Finished Goods	5.62	22.92
Work-in-Process	78.67	78.24
Less:		
Closing Stock:		
Finished Goods	11.91	5.62
Work-in-Process	141.18	78.67
Changes In Inventories:		
Finished goods	(6.29)	17.30
Work-in-Process	(62.51)	(0.43)
Changes in inventories of finished goods and work in progress	(68.80)	16.87

31. Employee benefits expense

Particulars	(Rs. in Crores)	
	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Salaries, wages and bonus	25.36	16.76
Contribution to provident and other funds (refer note 38)	4.55	2.43
Staff welfare	1.59	0.88
Total	31.50	20.07

32. Finance costs

Particulars	(Rs. in Crores)	
	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Interest expenses on borrowings	17.80	12.93
Other finance cost and bank charges	1.28	0.84
	19.08	13.77

33. Other expenses

Particulars	(Rs. in Crores)	
	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
PRODUCTION EXPENSES		
Conversion Charges	8.02	6.88
Contract Labour charges	8.56	5.23
Fuel & Power	20.30	9.49
Quality Control Expenses	4.10	2.76
Research and Development Expenses	4.70	2.94
Consumption of Packing Material	5.88	3.85
Other Production Expenses	20.95	10.65

Notes to Standalone Financial Statements

for the year ended March 31, 2022

Particulars	(Rs. in Crores)	
	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
MARKETING EXPENSES		
Exhibition Expenses	0.76	0.01
Other Marketing Expenses	0.99	0.62
SELLING & DISTRIBUTION EXPENSES		
Clearing Charges	4.49	2.01
Sea & Air Freight (Export) Expenses	2.53	1.26
Other Selling & Distribution Exp	2.35	1.15
ADMINISTRATIVE EXPENSES		
Professional Fees	4.33	3.65
Miscellaneous Expenses	0.17	0.13
Other Admin Expenses	5.28	3.13
CSR and CER Expenses	0.78	0.59
Total	94.19	54.35
Payment to auditors (excluding applicable taxes) (included in professional fees)		
Audit Fees and Limited Review	0.22	0.22
Tax Audit Fees	0.05	0.05
Other Fees	0.02	0.02
Total	0.29	0.29

34. Other Comprehensive Income

Particulars	(Rs. in Crores)	
	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Items that will not be reclassified to profit or loss		
(i) Remeasurements of the defined benefit plans (net of tax)	(0.40)	0.08
(ii) Income tax relating to items that will not be reclassified to profit or loss	0.12	(0.03)
Total	(0.28)	0.05

35. Earnings per Share

Particulars	As at March 31, 2022	As at March 31, 2021
Profit attributable to equity shareholders*	44.72	31.44
Weighted average number of equity shares for calculation of basic and diluted earnings per share (Nos.)	2,49,39,316	2,33,34,606
Nominal value per share (Rs.)	10	10
Earnings per share (Face Value of Rs. 10 per share)		
Basic	18.74	13.50
Diluted	18.74	13.50

*Profit figures are Rs. in Crores

Notes to Standalone Financial Statements

for the year ended March 31, 2022

36. Contingent Liabilities and Commitments

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
(I) Contingent Liabilities		
Contingent liability for Letters of Credit issued by the Bank and Bank Guarantee for Excise, Customs etc.		
(i) Letter of credit / Bank Guarantee	6.53	0.67
(ii) Bill discounted / Cheques purchased	14.10	12.18
Total	20.63	12.85
(II) Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	52.45	53.19

37. 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) Board of Directors :

Particulars	Designation	Original Date of Appointment
Haridas Kanani	Chairman and Managing Director	March 7, 1989
Dr. Harin Kanani	Managing Director	July 15, 2013
Shyamsunder Upadhyay	Whole Time Director	July 27, 2015
Anurag Surana	Non- Executive and Non-Independent Director	May 15, 2017
Sanjay Mehta	Independent Director	September 25, 2012
Hitesh Reshamwala	Independent Director	September 15, 2014
Prof. Ranjan Kumar Malik	Independent Director	October 6, 2018
Avi Sabavala	Independent Director	October 6, 2018

(c) Relatives of key management personnel and their enterprises, where transaction have taken place.

Particulars	Name of Interested Director
Kagashin Global Network Private Ltd	Anurag Surana
OCS Services (India) Private Limited	Hitesh Reshamwala

(d) Other Related Parties :

Nil

Notes to Standalone Financial Statements

for the year ended March 31, 2022

(B) Transactions with related parties :

Particulars	(Rs. in Crores)	
	March 31, 2022	March 31, 2021
Income		
Share of Profit - Dhara Fine Chem Industries	0.18	0.38
Interest Received - Dhara Fine Chem Industries	0.09	0.12
Sales - Dhara Fine Chem Industries	0.01	-
Expenses		
Job work charges - Dhara Fine Chem Industries	1.43	1.79
Purchase - Dhara Fine Chem Industries *	0.24*	0.42
(*Purchase includes Assets Purchased- Rs. 0.04 Crores)		
Professional Fees / SEIS License		
Kagashin Global Network Private Limited	0.96	0.96
OCS Services (India) Private Limited	0.69	0.18
Sitting Fees		
Sanjay Mehta	0.03	0.03
Hitesh Reshamwala	0.03	0.02
Prof. Ranjan Kumar Malik	0.02	0.02
Avi Sabavala	0.03	0.03
Salary		
Haridas Kanani	0.64	0.57
Dr. Harin Kanani	0.60	0.53
Shyamsunder Upadhyay	0.60	0.53
Loan outstanding at the year end		
Dhara Fine Chem Industries, Partnership Firm	0.60	0.41

38. 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.

Description	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
The Company has recognized the following amounts in the Statement of Profit and Loss for the year:		
Employers' Contribution to Provident Fund	1.89	1.16
Employers' Contribution to Employees' Pension Scheme, 1995	0.54	0.34
Total	2.43	1.50

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.

Notes to Standalone Financial Statements

for the year ended March 31, 2022

Gratuity Plan:

(a) Asset/(Liability) recognized in Standalone statement of assets and liabilities

(Rs. in Crores)

Description	As at March 31, 2022	As at March 31, 2021
Present value of obligation at end of the year	-3.91	-3.20
Fair value of Plan Assets	1.03	1.07
Net assets/(liability) recognized in Standalone statement of assets and liabilities as provision	-2.88	-2.13

(b) Amount recognized in the Standalone statement of profit and loss is as under:

(Rs. in Crores)

Description	As at March 31, 2022	As at March 31, 2021
Current Service Cost	0.37	0.41
Net Interest Cost	0.15	0.22
Expense Recognized in the Income Statement	0.52	0.63

(c) Amount recognized in other comprehensive income as under:

(Rs. in Crores)

Description	As at March 31, 2022	As at March 31, 2021
Actuarial (Gain)/Loss for the year on defined benefit obligation	0.40	-0.93
Actuarial (Gain)/Loss for the year on plan assets	0.06	0.02
Net (Income)/Expense Recognized in the Income Statement	0.45	-0.91

(d) Movement in liability recognized in the Standalone statement of assets and liabilities as under:

(Rs. in Crores)

Description	As at March 31, 2022	As at March 31, 2021
Present Value of defined benefit obligation as at the start of the year	3.20	3.81
Current Service Cost	0.37	0.41
Interest Cost	0.22	0.26
Actuarial loss/(gain) recognized during the year	0.40	-0.93
Benefits paid	-0.28	-0.35
Past Service Cost including curtailment Gain/Losses		
Present Value of defined benefit obligation as at the end of the year	3.91	3.20

Notes to Standalone Financial Statements

for the year ended March 31, 2022

(e) Movement in plan assets recognized in the Standalone statement of assets and liabilities as under:

Description	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Fair Value of plan assets at beginning of year	1.07	0.58
Interest Income	0.07	0.04
Expected return on plan assets - %	7.29%	7.01%
Employer's Contribution	0.22	0.82
Benefits Paid	-0.28	-0.35
Actuarial (Gain)/Loss on plan asset	-0.06	-0.02
Fair Value of plan assets at end of year	1.03	1.07
Actual Return on Plan assets, Excluding Interest Income	0.06	-0.02

(f) Breakup of Actuarial (Gain)/Loss on Defined Benefit Obligation:

Description	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Actuarial (Gain)/Loss on arising from change in demographic assumption	-0.00	-0.03
Actuarial (Gain)/Loss on arising from change in financial assumption	-0.08	-0.03
Actuarial (Gain)/Loss on arising from change in experience adjustments	0.48	-0.87
Total Actuarial (Gain)/Loss	0.40	-0.93

(g) Actuarial Assumption:

Description	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Expected Return on Plan Assets	7.29%	7.01%
Discount Rate	7.29%	7.01%
Future Salary Increase	6.00%	6.00%
Rate of Employee Turnover - (service of more than 5 years)	2.00%	2.00%
Rate of Employee Turnover - (service of less than 5 years)	6.00%	2.00%
Expected Average remaining working lives of employees (years)	16	15

(h) Sensitivity analysis for gratuity liability:

Description	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Impact of the change in discount rate		
Present value of obligation at the end of the year	3.91	3.20
- Impact due to increase of 1%	-0.27	-0.23
- Impact due to decrease of 1%	0.31	0.26
Impact of the change in Salary increase		
Present value of obligation at the end of the year	3.91	3.20
- Impact due to increase of 1%	0.28	0.24

Notes to Standalone Financial Statements

for the year ended March 31, 2022

Description	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
- Impact due to decrease of 1%	-0.25	-0.21
Impact of the change in Employee Turnover		
Present value of obligation at the end of the year	3.91	3.20
- Impact due to increase of 1%	0.02	0.02
- Impact due to decrease of 1%	-0.03	-0.02

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 recognized 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)

Description	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Within next 12 months	0.66	0.37
Between 1-5 years	0.94	0.85
Beyond 5 years	6.35	5.07

(j) Category of Plan Assets:

Description	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Insurance Fund	1.03	1.07
Percentage of present obligation covered under Insurance Fund	[26.31%]	[33.42%]
Total	1.03	1.07

(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 recognized as expense in statement of profit & loss a/c.

Description	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Expense/(Income) to be recognized in Profit & Loss A/c	1.01	0.22
Total	1.01	0.22

Notes to Standalone Financial Statements

for the year ended March 31, 2022

39. 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, 2022 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 recognized 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, 2022

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	(Rs. in Crores)			
		As at March 31, 2022		As at March 31, 2021	
		Amt in foreign currency	Amt in INR	Amt in foreign currency	Amt in INR
Trade Receivables & Other financial assets	EURO	0.03	2.78	0.01	0.66
Borrowings	USD	0.93	70.52	0.04	2.89
Borrowings	EURO	0.07	5.68	0.01	0.63
Trade Payable and other financial liabilities	EURO	0.01	0.84	-	-

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
	Effect on profit before tax	Effect on profit before tax
Trade Receivables & Other financial assets		
Change in Euro rate (+ / -5%)	0.14	0.03
Borrowings, Trade Payables and other financial liabilities		
Change in USD rate (+ / -5%)	-3.53	-0.14
Change in EURO rate (+ / -5%)	-0.03	-0.03

Currency Risk

The company is exposed to the exchange rate risk as a significant portion of our revenues and expensditure 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2022

The carrying amount of the Company's Foreign currency exposure at the end of the reporting periods are as follows:

Particulars	Nature of Foreign currency	(Rs. in Crores)			
		As at March 31, 2022		As at March 31, 2021	
		Amt in foreign currency	Amt in INR	Amt in foreign currency	Amt in INR
Trade Receivables & Other financial assets	USD	0.17	13.04	0.21	14.99
Trade Payable and other financial liabilities	USD	0.45	34.41	0.21	16.10

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
	Effect on profit before tax	Effect on profit before tax
Trade Receivables & Other financial assets		
Change in USD rate (+/- 5%)	0.65	0.75
Borrowings, Trade Payables and other financial liabilities		
Change in USD rate (+/- 5%)	(1.72)	(0.81)

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 amortized 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 amortized 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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 at March 31, 2022	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long term Borrowings	121.52		97.93	23.59	
Short term borrowing*	103.21	103.21			
Trade Payable	98.88	98.88			
Statutory dues payable	2.11	2.11			
Other Liabilities	3.01	3.01			

*Short term borrowing includes current maturity of long term borrowings of Rs. 27.01 Crores

40. Operating Lease

The Company has taken office premises, factory land under operating lease. These 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 1years to 5 years.

The following rent expenses recognized:

Year Ended	March 31, 2022	March 31, 2021
Within one year	2.76	1.57

(Rs. in Crores)

41. 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, 2022	March 31, 2021
Revenue from External Customers		
India	270.85	179.00
Overseas includes Deemed Export	216.40	157.41
Total	487.25	336.41

(Rs. in Crores)

42. Additional Regulatory Information Required by Schedule III

- All the title deeds of Immovable properties (other than properties where the Company is the lessee and lease agreements are duly executed in favour of the lessee) are held in the name of the company and the properties are not held in joint name.
- There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period
- The company has not traded or invested in Crypto currency or Virtual Currency during the financial year

Notes to Standalone Financial Statements

for the year ended March 31, 2022

- d) The Company has not revalued its intangible assets and accordingly the revaluation as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017 is not applicable.
- e) The company has not granted loans or advances to its promoters, directors and KMPs and for related parties disclosures refer note 37
- f) The company has borrowings from banks on the basis of security of current assets and the reconciliation and reasons of material discrepancies are given below

Quarter ended	Particulars	Amount as per books of account of the Company (after Accounting Impact)	Amount as reported in the quarterly return / statement	Amount of difference
March 31, 2022	Trade receivables	109.50	109.70	(0.20)
	Inventories	189.47		
	Other current assets	32.51	221.98	-
December 31, 2021	Trade receivables	109.23	108.73	0.50
	Inventories	179.67		
	Other current assets	38.96	218.63	-
September 30, 2021	Trade receivables	86.59	86.70	(0.11)
	Inventories	165.27		
	Other current assets	30.79	196.06	-
June 30, 2021	Trade receivables	83.05	83.05	-
	Inventories	149.29		
	Other current assets	21.08	170.37	-

Reason for differences:

There was no material discrepancies between amount reported in the quarterly return and amount as per books of account. However, there was some immaterial discrepancies due to following reason:

- The company has to submit its data to bank within stipulated time lines. Accordingly, the data prevailing as on these reporting dates into books of accounts are submitted to banks for managing compliances and borrowing facility usage.
- Amount as per books of account are after due verification, limited review by Statutory auditors and corrective entries. This generally happens only after the due dates of data submission to bank have passed.
- Due to the above facts, there was an identified differences in data submitted to banks and data as per books of accounts.

g) Wilful defaulter

The company is not declared a wilful defaulter by any bank or financial institution or other lender

h) Details of benami property held

No proceedings have been initiated on or are pending against the company for holding benami property under the Benami Transactions

i) Compliance with number of layers of companies

The company does not have any layers prescribed under clause (87) of section 2 of the Companies Act, 2013.

Notes to Standalone Financial Statements

for the year ended March 31, 2022

j) Utilisation of borrowed funds and share premium

The company has not advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

k) Relationship with struck off companies

The company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

l) Undisclosed Income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

m) Valuation of PP&E, intangible asset and investment property

The company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

n) Analytical Ratios

Particulars	Numerator	Denominator	As at March 31, 2022	As at March 31, 2021	% Variance
Current Ratio	Current Assets	Current Liabilities	2.26	1.38	63.92
Debt- Equity Ratio	Total Debt	Shareholder's Equity	0.51	1.10	-53.49
Debt Service Coverage Ratio	PAT + Depreciation & Amortisation + Interest	Principal repayment on long term debt + interest payments	1.22	1.24	-2.03
Return on Equity Ratio	Net Profit after tax	Average Shareholder's Equity	10.18%	17.17%	-40.72
Inventory turnover Ratio	Sale of Products	Average Inventory	3.19	2.76	15.46

Notes to Standalone Financial Statements

for the year ended March 31, 2022

Particulars	Numerator	Denominator	As at March 31, 2022	As at March 31, 2021	% Variance
Trade Receivables turnover ratio	Sale of Products	Average Trade Receivables	5.18	4.38	18.44
Trade Payable turnover Ratio	Net Credit	Average Trade Payables	4.28	3.56	19.99
Net Capital turnover Ratio	Net Sales	Average Working Capital	2.81	4.46	-36.91
Net Profit Ratio	Net Profit	Net Sales	9.18	9.35	-1.80
Return on Capital Employed	EBIT	Tangible Net Worth + Total Debt + Deferred Tax Liability	11.48%	14.55%	-21.12
Return on Investment	Income Earned from Investments made	Investments made	16976%	-102%	-16772.14

Reason for variance of more than 25%

Particulars	Remarks
Current Ratio	Due to increase in Cash balances, investment and inventories during the current year, Current ratio was increased by 64% over previous year.
Debt- Equity Ratio	The company has repaid short term borrowings by raising equity capital on preferential basis. This has resulted into improved debt equity ratio and debt service coverage ratio during the current year.
Debt Service Coverage Ratio	
Return on Equity Ratio	The raising of funds through equity capital on preferential basis during the current year has increased the equity capital base. Due to this ROE is showing reduction against previous year; whereas Net profit margin is more or less stable at 9.18% for the current year as against 9.35% of previous year.
Net Capital turnover Ratio	Due to increase in Cash balances, investment and inventories during the current year, net working capital is on higher side as compared to previous year. This has resulted into decreased net working capital turnover as compared to previous year.
Return on Investment	The company has parked unutilised funds raised through preferential allotment of equity shares into some short term investment instruments. Due to this, there was an abnormal increase in return on investment during the current year.

Notes to Standalone Financial Statements

for the year ended March 31, 2022

o) Corporate social responsibility (CSR)

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 Water Management Programmes , environmental sustainability and agriculture development; Promoting education amongst Children; promoting health care including preventive health care and sanitation and Disaster Management; Contribution towards Combating COVID Pandemic. Supporting Women Empowerment Projects; and Rural Development Projects A CSR committee has been formed by the company as per the Act. The funds were primarily utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013:

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
i) Amount required to be spent by the company during the year	0.77	0.59
ii) Amount of expenditure incurred	0.78	0.59
iii) Shortfall at the end of the year	-	-
iv) Total of previous years shortfall	-	-
v) Reason for shortfall	NA	NA
vi) Nature of CSR activities	Water Management Programmes , environmental sustainability and agriculture development; Promoting education amongst Children; promoting health care including preventive health care and sanitation and Disaster Management; Contribution towards Combating COVID Pandemic. Supporting Women Empowerment Projects; and Rural Development Projects.	

p) The company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year

q) The Company has assessed the possible impact of COVID-19 on its financial statements based on the internal and external information and concluded no adjustments are required in these standalone financial statements. The Company continues to monitor changes in future economic conditions.

43. (i) Rupees in Crores 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's Regn No: 104167W

Jayesh J Shah

Partner
 Membership No: 039910

Place: Thane

Date: May 14, 2022

For and on behalf of the Board of Directors

Haridas Kanani

Chairman & Managing Director
 DIN: 00185487

Ketan Vyas

Chief Financial Officer

Dr. Harin Kanani

Managing Director
 DIN: 05136947

Unnati Kanani

Company Secretary and Compliance Officer
 M. no. A35131

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, 2022, 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, 2022, 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.

Sr. No.	Key Audit Matter	Auditor's Response
I	Capitalization of property, Plant and Equipment The Company has invested in significant capital project with capital expenditure of Rs. 170.06 Crores during the year ended March 31, 2022 as detailed in note 4 out of which Rs. 166.99 crores related to the Company's Dahej Unit Plant.	Our audit procedures included the following: <ul style="list-style-type: none"> • Performed test check of internal financial controls, including IT controls, over the approval, acquisition, Installation and Operation of Property Plant and Equipment. • Obtained a listing of new/sub projects initiated/ completed in the year, and selected samples to verify underlying documentation that they had been reviewed and approved in line with the Company's authority.

Sr. No. Key Audit Matter	Auditor's Response
<p>The significant level of capital expenditure requires consideration of the nature of costs incurred to ensure that capitalization of property, plant and equipment meets the specific recognition criteria in Ind As 16, 'Property, Plant and Equipment', specifically in relation to assets constructed by the Company and application of the management's judgment in assigning appropriate useful life, this are Noted as a key audit matter</p>	<ul style="list-style-type: none"> • Our audit work included assessing the nature of property, plant and equipment capitalized by the Company to test the validity of amounts capitalized and evaluating whether assets capitalized meet the recognition criteria set out in Ind as 16 • Performed tests of details by vouching specific expenditures to supporting documentation to validate additions during the year. • The capitalization of assets in the year, and the useful economic lives assigned, were assessed to be appropriate based on the evidence obtained and as per schedule II
<p>II Revenue Recognition</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>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Understood the processes and controls around established in recognition of revenue. • Focusing on the Company's revenue recognition for compliance with Ind AS. • The Company has manual and automated (information technology – IT) controls on recording revenue and accruals for sales returns and discounts. We have evaluated and tested design and operating effectiveness of controls addressing risk. • Performed test check of sales transactions to verify contractual terms of invoices, acknowledged delivery receipts and tested the transit time to deliver the goods. • Performing testing on selected statistical samples of revenue transactions recorded during the year end.

Information Other than 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 consolidated 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
- e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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.
1. 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.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in note to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (b) The Management has represented that, to the best of its knowledge and belief, as disclosed in note to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement.
- v. The Final Dividend Paid by the company during the current year in respect of the same declared for the previous year is in accordance with section 123 of companies act 2013 to the extent it applies to payment of dividend. As stated in the note to the financial statements, the boards of directors of the company have proposed dividend for the current year which is subject to the approval of the members at the ensuing annual general meeting. The Dividend declared is in accordance with section 123 of the act to the extent it applies to declaration of dividend.
2. With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the 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

Place: Mumbai

Date: May 14, 2022

Firm’s Registration No. 104167W

UDIN: 22039910AIZVMG1000

Jayesh Shah

Partner

(Membership No.039910)

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 evendate)

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, 2022 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, 2022, 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’s Registration No. 104167W
UDIN: 22039910AIZVMG1000

Jayesh Shah

Partner

(Membership No.039910)

Place: Mumbai

Date: May 14, 2022

Consolidated Balance Sheet

as at March 31, 2022

CIN : L24200MH1989PLC050919

Particulars	Notes	(Rs. in Crores)	
		As at March 31, 2022	As at March 31, 2021
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	4a	281.78	121.53
(b) Right of use assets	4b	3.19	4.85
(c) Capital work-in-progress	5	10.62	114.65
(d) Intangible assets	6	0.16	0.33
(e) Financial assets			
(i) Investments	7	0.97	0.75
(ii) Other financial assets	8	8.48	7.34
(f) Other non-current assets	9	1.60	2.35
Total Non-current Assets		306.80	251.80
(2) Current Assets			
(a) Inventories	10	194.59	114.03
(b) Financial assets			
(i) Investments	11	80.76	-
(ii) Trade receivables	12	109.50	78.55
(iii) Cash and cash equivalents	13a	32.80	0.51
(iv) Bank balances other than (iii) above	13b	12.42	0.70
(v) Other financial assets	14	40.47	24.96
(c) Other current assets	15	21.92	21.41
Total Current Assets		492.46	240.16
TOTAL ASSETS		799.26	491.96
EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	16	24.94	23.33
(b) Other equity	17	414.30	159.68
Total Equity		439.24	183.01
(2) Non current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	121.52	116.10
(ii) Lease Liabilities	19	1.95	1.72
(iii) Other Financial Liabilities	19	3.80	2.00
(b) Long Term Provisions	20	4.04	3.03
(c) Deferred tax liabilities (net)	21	10.61	8.16
Total Non-current Liabilities		141.92	131.01
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	22	76.20	85.79
(ii) Lease Liabilities	22	2.07	4.02
(iii) Trade payables	23		
(a) total outstanding dues of Micro and small Enterprise		6.15	0.71
(b) total outstanding dues of other than Micro and small Enterprise		92.73	65.37
(iv) Other current financial liabilities	24	36.88	19.13
(b) Other current liabilities	25	2.20	1.80
(c) Short-term provisions	26	1.87	1.12
Total Current liabilities		218.10	177.94
Total Liabilities		360.02	308.95
TOTAL EQUITY AND LIABILITIES		799.26	491.96

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's Regn No:104167W

Jayesh J Shah

 Partner
 Membership No: 039910

Place: Thane

Date: May 14, 2022

Haridas Kanani

 Chairman & Managing Director
 DIN : 00185487

Ketan Vyas

Chief Financial Officer

For & behalf of the Board of Directors
Dr. Harin Kanani

 Managing Director
 DIN : 05136947

Unnati Kanani

 Company Secretary and Compliance Officer
 M. no. A35131

Consolidated Statement of Profit and Loss

for the year ended March 31, 2022

CIN : L24200MH1989PLC050919

(Rs. in Crores)

Particulars	Note	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Continuing Operations			
I. Income			
(a) Revenue from operations	27	487.25	336.41
(b) Other income	28	1.07	0.14
Total Income		488.32	336.55
II. Expenses			
(a) Cost of materials consumed	29	343.77	180.76
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	30	(68.80)	16.87
(c) Employee benefits expense	31	31.50	20.07
(d) Finance costs	32	19.08	13.77
(e) Depreciation and Amortization Expenses	4	11.69	6.90
(f) Other Expense	33	94.19	54.35
Total Expenses		431.43	292.72
Profit/(Loss) before share of profit of investment accounted for using equity method and taxes (I - II)	32	56.89	43.83
Share of Profit/(Loss) of investments accounted for using equity method		0.18	0.38
III. Profit/(loss) before taxes (I-II)		57.07	44.21
IV. Income tax			
1. Current Tax		9.87	10.37
2. Deferred Tax	21	2.57	2.51
Total Tax Expense		12.44	12.88
V. Profit for the year (III - IV)		44.63	31.33
VI. Other comprehensive income			
Items that will not be reclassified to profit or loss			
(i) Remeasurements of the defined benefit liabilities / (assets)	34	(0.40)	0.08
(ii) Income tax related to items that will not be reclassified to profit or loss	34	0.12	(0.03)
Total other comprehensive (expense)/ income, net of tax		(0.28)	0.05
VII. Total comprehensive income for the year (V-VI)		44.35	31.38
Earnings per equity share of Rs.10/each on weighted average (in rupees)	35		
- Basic		18.70	13.45
- Diluted		18.70	13.45
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's Regn No:104167W

Jayesh J Shah

Partner
Membership No: 039910

Place: Thane

Date: May 14, 2022

Haridas Kanani

Chairman & Managing Director
DIN : 00185487

Ketan Vyas

Chief Financial Officer

For & behalf of the Board of Directors

Dr. Harin Kanani

Managing Director
DIN : 05136947

Unnati Kanani

Company Secretary and Compliance Officer
M. no. A35131

Consolidated Statement of Change in Equity

as at March 31, 2022

CIN : L24200MH1989PLC050919

A Equity share capital

(Also refer Note 16)

Particulars	(Rs. in Crores)
	Total Equity
As on April 1, 2020	23.33
Issue of Share Capital During the Year	-
As on March 31, 2021	23.33
Issue of Share Capital During the Year	1.61
As on March 31, 2022	24.94

B Other Equity

(also refer Note 17)

Particulars	Other Equity					Total Other Equity
	General Reserve	Retained Earnings	Capital Reserve on Business Combination	Securities Premium	Special Economic zone Re-investment reserve account	
Balance as at April 01, 2020	3.50	61.76	7.20	60.56	-	133.02
Profit/Loss for the year	-	31.33	-	-	-	31.33
Other comprehensive income for the year	-	-	-	-	-	-
Security Premium	-	0.05	-	-	-	0.05
Total inclusive of comprehensive income for the year	-	31.38	-	-	-	31.38
Transfer to General Reserve	-	-	-	-	-	-
Special Economic zone Reinvestment reserve account	-	(0.26)	-	-	0.26	-
Equity Dividend	-	(4.66)	-	-	-	(4.66)
Taxed paid of earlier years	-	(0.05)	-	-	-	(0.05)
Tax on Interim & Final Dividend	-	-	-	-	-	-
Balance as at March 31, 2021	3.50	88.17	7.20	60.56	0.26	159.69
Profit/Loss for the year	-	44.63	-	-	-	4.63
Security Premium*	-	-	-	216.08	-	216.08
Other comprehensive income for the year	-	(0.28)	-	-	-	(0.28)
Total inclusive of comprehensive income for the year	-	44.35	-	216.08	-	260.43
Transfer to General Reserve	-	-	-	-	-	-
Transfer to/from Capital Redemption Reserve - FRCPS	-	-	-	-	-	-
Transfer to/from Capital Redemption Reserve - OCPS	-	-	-	-	-	-

Consolidated Statement of Change in Equity (Contd.)

as at March 31, 2022

CIN : L24200MH1989PLC050919

(Rs. in Crores)

Particulars	Other Equity					Total Other Equity
	General Reserve	Retained Earnings	Capital Reserve on Business Combination	Securities Premium	Special Economic zone Re-investment reserve account	
Equity Dividend	-	(5.25)	-	-	-	(5.25)
Taxed paid of earlier years	-	(0.57)	-	-	-	(0.57)
Tax on Interim & Final Dividend	-	-	-	-	-	-
Balance as at March 31, 2022	3.50	126.70	7.20	276.64	0.26	414.30

* Proceeds received during FY2022 of securities premium is net of issue expenses

Financial Year 2019-20 the Company has completed an Issue of 6,155,813 equity shares of face value of Rs. 10 each of the Company for cash at a price of Rs. 215.00 per equity share (including a share premium of Rs. 205.00 per equity share) aggregating to Rs. 1,32.35 crores (OFFER). The offer comprised of a fresh issue of 3,255,813 equity shares of the company aggregating Rs. 70 crores (FRESH ISSUE) and an offer for sale of 29,00,000 equity shares by a promoter and promoter group selling shareholder aggregating Rs. 62.35 crores (OFFER FOR SALE). 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 Board of Directors at its meeting held on 8th December, 2021, inter alia approved the issue and offer of 16,04,710 equity shares on preferential basis for cash consideration. Subsequently the shareholders of the Company at its Extra Ordinary General meeting held on December 31, 2021 has approved issue and offer of 16,04,710 shares of face value of Rs. 10 each on preferential basis at an issue price of Rs. 1,402.12 per Equity Share (including a premium of Rs. 1,392.12 per Equity Share) aggregating up to Rs. 225 crores to the identified investors. The allotment of the said equity shares of the Company on a preferential basis was done on January 6, 2022. The Equity shares were listed at BSE Limited and National Stock Exchange of India Limited.

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

As per our report of even date attached.

For JMT & Associates

Chartered Accountants
Firm's Regn No:104167W

Jayesh J Shah

Partner
Membership No: 039910

Place: Thane

Date: May 14, 2022

Haridas Kanani

Chairman & Managing Director
DIN : 00185487

Ketan Vyas

Chief Financial Officer

For & behalf of the Board of Directors

Dr. Harin Kanani

Managing Director
DIN : 05136947

Unnati Kanani

Company Secretary and Compliance Officer
M. no. A35131

Consolidated Statement of Cash Flow

for the year ended March 31, 2022

CIN : L24200MH1989PLC050919

(Rs. in Crores)

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/ (Loss) before extra- ordinary items & tax	57.07	44.21
Adjustments for non-cash transaction and items considered separately :		
Finance costs recognised in profit or loss	19.08	13.77
Investment income recognised in profit or loss	(1.08)	(0.13)
Provision for non cash items	0.21	0.05
Loss on disposal of property, plant and equipment	(0.11)	-
Net (gain)/loss recorded in profit or loss on financial liabilities designated as fair value through profit or loss	1.49	(0.80)
Depreciation and amortisation of non-current assets	11.69	6.90
Net foreign exchange (gain)/loss	(7.06)	(6.65)
Operating profit before working capital changes	81.29	57.35
Movements in working capital:		
(Increase) /decrease in trade and other receivables	(31.16)	(3.37)
(Increase)/decrease in inventories	(80.56)	15.84
(Increase)/decrease in other current and non current financial assets	(16.32)	(21.62)
Increase /(decrease) in trade and other payables	39.86	36.89
Increase/(decrease) in other liabilities	18.10	8.85
Cash flow from/ (utilised in) operating activities post working capital changes	(70.08)	36.59
Income taxes (paid)/ Refunds (net)	(9.80)	(10.37)
Net cash flow from / (utilized in)in operating activities (A)	1.41	83.57
B) CASH FLOW FROM INVESTING ACTIVITIES		
Payments to acquire financial assets	(80.76)	-
Interest received		
- BANK & OTHERS	0.94	0.13
- Other Income	0.14	
Amounts advanced to related parties	(0.19)	0.34
Payments for property, plant and equipment (Net)	(170.28)	(23.06)
Capital WIP	104.04	(111.96)
Proceeds from disposal of property, plant and equipment	0.11	-
Payments for intangible assets	0.17	(0.02)
Net cash flow from / (utilized in)in investing activities (B)	(145.83)	(134.57)
C) Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company	225.00	-
Payment for share issue costs	(7.31)	-
Proceeds from borrowings	38.88	97.84
Repayment of borrowings	(43.04)	(28.24)
Finance Cost	(19.08)	(13.77)
Other items / Taxes	(0.77)	(0.43)
Dividends paid (incl. Tax)	(5.25)	(4.67)
Net cash flow from /(utilised in) financing activities (C)	188.43	50.73

Consolidated Statement of Cash Flow (Contd.)

for the year ended March 31, 2022

CIN : L24200MH1989PLC050919

(Rs. in Crores)

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Net increase / (decrease) in cash and cash equivalents (A + B + C)	44.01	(0.27)
Cash and cash equivalents at the beginning of the year	1.21	1.48
in foreign currencies	-	-
Cash and cash equivalents at the end of the year	45.22	1.21
Reconciliation of cash and cash equivalents as per the cash flow Statement		
Cash and cash equivalents	32.80	0.51
Bank balances other than above	12.42	0.70
Balance as per statement of cash flows	45.22	1.21

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

(Rs. in Crores)

	April 1, 2021	Cash Flows		March 31, 2022
		Receipts	Payments	
Current Borrowings	85.79	22.74	32.33	76.20
Non-current Borrowings	130.21	29.03	10.71	148.53
Total	216.00	51.77	43.04	224.73

Notes forming part of the Standalone financial statements 1-43

As per our report of even date attached.

For JMT & Associates

Chartered Accountants
Firm's Regn No:104167W

Jayesh J Shah

Partner
Membership No: 039910

Place: Thane

Date: May 14, 2022

Haridas Kanani

Chairman & Managing Director
DIN : 00185487

Ketan Vyas

Chief Financial Officer

For & behalf of the Board of Directors

Dr. Harin Kanani

Managing Director
DIN : 05136947

Unnati Kanani

Company Secretary and Compliance Officer
M. no. A35131

Notes Accompanying Consolidated Financial Statements

for the year ended March 31, 2022

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. Neogen's Karakhadi, Vadodara Facility is ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 certified by Bureau Veritas Certification Holding SAS; Its Mahape, Navi Mumbai Facility is ISO 9001:2015 certified by Bureau Veritas Certification Holding SAS; and Dahej SEZ, Gujarat Facility is ISO 9001:2015, ISO 14001:2015 & ISO 45001:2018 Certified by Bureau Veritas Certification Holding SAS and GMP Certified by SGS. It has Star Export House from Government of India and Crisil rating.

The Board of Directors at its meeting held on 8th December, 2021, inter alia approved the issue and offer of 16,04,710 equity shares on preferential basis for cash consideration. Subsequently the shareholders of the Company at its Extra Ordinary General meeting held on December 31, 2021 has approved issue and offer of 16,04,710 shares of face value of Rs. 10 each on preferential basis at an issue price of Rs. 1,402.12 per Equity Share (including a premium of Rs. 1,392.12 per Equity Share) aggregating up to Rs. 225 crores to the identified investors. The allotment of the said equity shares of the Company on a preferential basis was done on January 6, 2022. The Equity shares were listed at BSE Limited and National Stock Exchange of India Limited.

These financial statements are approved for issue by the Board of Director on May 14, 2022

2. Basis of preparation and Significant accounting policies

2.1 Basis of compliance

The accompanying Consolidated 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.

2.2 Basis of preparation and presentation

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. Deferred tax assets and liabilities are classified as non-current only. The Ind AS 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 crores as per the requirement of Schedule III of the Companies Act 2013, unless otherwise stated.

2.3 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.

2.4 Basis of measurement

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

Notes Accompanying Consolidated Financial Statements

for the year ended March 31, 2022

- 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

2.5 Use of estimates and judgements

The preparation of the Consolidated 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 (q) (iii)
- Current Tax expense and current tax payable - Note 2.6 (m)
- Deferred tax assets for carried forward tax losses - Note 2.6 (m)
- 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.

2.6 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 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 recognized 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 recognized 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

Notes Accompanying Consolidated Financial Statements

for the year ended March 31, 2022

recognized as interest expense and not included in cost of asset.

Depreciation and amortization 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	20 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 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 amortized 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 recognized is derecognized 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 derecognized.

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

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- 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 viz. 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 recognized in the statement of profit and loss when the asset is derecognized. 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 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:

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- 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 an 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 crores 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 recognized 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 recognized 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 recognized 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 recognized.

Contingent liability is disclosed for:

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

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- 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

The company manufactures and sells a range of products to various customers. In case of contracts with customers, revenue is recognised when the significant risk and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods to the degree usually associated with the ownership, and the amount of revenue can be measured reliably, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable. Revenue recognised in relation to these contracts in excess of billing is recognised as a Contract Asset. In remaining cases revenue is recognised over Company's performance does not create an asset with alternative use to the Company and the entity has an enforceable right to payment for performance completed till date. Accumulated experience is used to estimate and provide for the discounts and returns and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in other current liabilities) is recognised for expected returns from the customer. Liability (included in other financial liabilities) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. Amounts disclosed as revenue are net of returns, discounts, volume rebates and net of goods and service tax. Incentives on exports are recognised in books after due consideration of certainty of utilisation / receipt of such incentives

j) Other income

a Interest Income

Interest income is recognized on time proportion basis considering the amount outstanding and rate applicable. For all financial assets measured at amortized cost, interest income is recorded using

the effective interest rate (EIR) i.e. 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 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 recognized 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 capitalized 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. Capitalization 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 recognized in the financial statement of profit and loss comprises the sum of deferred tax and current tax not recognized in

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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 recognized outside statement of profit and loss (i.e. in OCI or equity depending upon the treatment of underlying item).

Deferred tax liabilities are generally recognized in full for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss, unused tax credits or deductible temporary difference will be utilized 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. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized 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 realized, 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 recognized outside the statement of profit and loss is recognized outside statement of profit and loss (in OCI or equity depending upon the treatment of underlying item).

Minimum Alternate Tax ('MAT') credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognized 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 good or services from the units registered under the Special Economic Zones Act (SEZs), 2005. SEZ units which began the manufacturing of goods or 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 goods or services for the first five years from the financial year in which the unit commenced the manufacturing of goods or provision of services and 50% of such profits or gains for further five years. Upto 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 utilization 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.

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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 under financial liabilities in the statement of financial position. (Refer Note 19)

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 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, 2022 and March 31, 2021 respectively, there was only one customer who has contributed to 10% or more of the company's revenue. The company is not reliant on revenue from transactions with any single 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

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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 recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized. 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 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 recognized 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.

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(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 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 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) 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 recognized 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.

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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 employee obligations

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

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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 terminations 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 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

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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.

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 (i.e. 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.

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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 life-time 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 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

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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.

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

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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 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) Recent accounting pronouncement

Amendment to Ind AS 109 "Financial Instruments" and Ind AS 107 "Financial Instruments: Disclosures" – Interest rate Benchmark Reform Phase 2

The amendment focuses on the potential financial reporting issues that may arise when interest rate benchmarking reforms are either reformed or replaced. The key reliefs provided by the Phase 2 amendments are:

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- Changes to contractual cash flows - When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes that are required by an interest rate benchmark reform will not result in an immediate gain or loss in the profit and loss statement
- Hedge accounting - The hedge accounting reliefs will allow most Ind AS 39 or Ind AS 109 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded.

The amendments do not have significant impact on the financial statements.

Amendment to Ind AS 103 “Business Combination”

Reference to Conceptual Framework The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103 – Business Combinations.

The Company does not expect the amendment to have any significant impact in its financial statements.

Amendment to Ind AS 16 “Property, Plant and Equipment” - Proceeds before intended use

The amendment clarifies that excess of net sale proceeds of items produced over the cost of

testing, if any, shall not be recognized in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

2.7 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)

The CFS have been prepared in the following basis:

The CFS include the share of profit / loss of the joint ventures which are accounted as per the ‘equity method.

Under the equity method of accounting, the investment are 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.

Notes Accompanying Consolidated Financial Statements

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3. Leases

Particulars	(Rs. in Crores)	
	31-03-2022 Amount	31-03-2021 Amount
Lease commitments as at beginning of year	5.74	7.19
Add/(less): contracts reassessed as lease contracts	0.00	0.00
Add/(less): adjustments on account of extension/termination	0.00	0.00
Lease liabilities as at end of year	4.02	5.74
Current lease liability	2.07	4.02
Non current lease liabilities	1.95	1.72

3.1 (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	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Property, plant and equipment owned	-	-
Right-of-use assets, except for investment property	-	-

(B) Carrying value of right of use assets at the end of the reporting period

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Right-of-use assets, except for investment property		
Office premises at Baroda	0.15	0.21
Warehouse at Navi Mumbai	1.83	2.71
Office premises at Thane	1.21	1.93
	3.19	4.85

(C) Maturity analysis of lease liabilities

Maturity analysis – contractual undiscounted cash flows	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Less than one year	2.07	4.02
One to five years	1.95	1.72
More than five years	0.00	0.00
Total undiscounted lease liabilities	4.02	5.74
Lease liabilities included in the statement of financial position at the year end	0.00	0.00
Current	2.07	4.02
Non-Current	1.95	1.72

Notes Accompanying Consolidated Financial Statements

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(D) Amounts recognised in profit or loss

Particulars	(Rs. in Crores)	
	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Interest on lease liabilities	0.49	0.65
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	2.22	1.57
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	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Total cash outflow for leases	4.62	3.67

3.1 (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.

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4a. Property, plant and equipment

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2022 and March 31, 2021

Useful Life Description	(Rs. in Crores)										Total Furniture & Fixtures			
	30	20	20	10	10	20	10	10	10	3		8		
	Freehold Land	Leasehold Land	Factory buildings	Plant & Machinery	M.S.Structure & FRP Gratings	Quality Control Instruments	R & D Equipment	Effluent Treatment Equipment	Safety Equipment	Office Equipment	I.T Equipment	Motor Car		
Gross carrying value (at deemed cost)														
Balance as at April 1, 2020 *	28.06	9.05	16.36	41.85	5.24	2.79	2.28	0.65	0.35	0.95	1.39	0.73	2.49	112.18
Additions	-	-	1.54	19.63	0.28	0.69	0.07	-	0.16	0.18	0.30	-	0.14	22.99
Deletions / discarded / adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2021	28.06	9.05	17.90	61.48	5.51	3.48	2.35	0.65	0.51	1.12	1.69	0.73	2.63	135.17
Additions	-	-	46.63	105.43	0.05	4.89	0.30	7.02	3.13	0.74	1.01	-	0.83	170.03
Deletions / discarded / adjustments	-	-	-0.03	-	-	-	-	-	-	-	-	-	-	(0.03)
Balance as at March 31, 2022	28.06	9.05	64.53	166.88	5.56	8.37	2.65	7.67	3.64	1.86	2.69	0.73	3.46	305.17
Accumulated depreciation														
As at April 1, 2020*	-	0.40	1.03	3.63	0.98	0.60	0.36	0.16	0.08	0.21	0.65	0.11	0.23	8.46
Charge for the year	-	0.16	0.64	2.52	0.37	0.30	0.22	0.05	0.03	0.19	0.36	0.09	0.26	5.18
Deletions	-	-	-	-	-	(0.12)	-	-	-	-	(0.02)	-	(0.01)	(0.21)
Balance as at March 31, 2021	-	0.55	1.67	6.15	1.35	0.90	0.58	0.21	0.11	0.40	1.01	0.20	0.49	13.64
Charge for the year	-	0.16	1.47	5.58	0.38	0.60	0.23	0.24	0.12	0.26	0.56	0.09	0.27	9.96
Deletions	-	-	-	(0.06)	-	(0.12)	-	-	-	-	(0.02)	-	(0.01)	(0.21)
Balance as at March 31, 2022	-	0.71	3.14	11.67	1.73	1.37	0.81	0.46	0.23	0.66	1.54	0.29	0.75	23.39
Net carrying amount														
As at March 31, 2021	28.06	8.50	16.23	55.33	4.16	2.58	1.77	0.44	0.40	0.72	0.68	0.54	2.14	121.53
As at March 31, 2022	28.06	8.34	61.39	155.21	3.83	7.00	1.84	7.21	3.41	1.20	1.15	0.45	2.71	281.78

* 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 18a

Notes Accompanying Consolidated Financial Statements

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4b. Right of Use Assets

Following are the changes in the carrying value of Right to Use Assets for the year ended March 31, 2022 and the year ended March 31, 2021

Description	(Rs. in Crores)	
	Balance as at March 31, 2022	Balance as at March 31, 2021
Opening	7.90	7.90
Additions	-	-
Deletions / discarded / adjustments	-	-
	7.90	7.90
Less: Accumulated Amortization		
Opening balance	3.05	1.39
Charge for the year	1.66	1.66
Deletions	-	-
	4.71	3.05
Net Carrying Amount	3.19	4.85

5. Capital Work in Progress

Following are the changes in the carrying value of Capital work in progress for the year ended March 31, 2022 and the year ended March 31, 2021

Description	(Rs. in Crores)	
	Balance as at March 31, 2022	Balance as at March 31, 2021
Opening	114.65	2.69
Additions	66.03	117.41
Capitalised during the year	(170.06)	(5.45)
Closing	10.62	114.65

CWIP aging schedule as on March 31, 2022

CWIP	(Rs. in Crores)		Total
	Amount in CWIP For a period of Less than 1 year	1-2 years	
Projects in progress*	10.26	0.36	10.62

* Project in progress consists amount of Rs 1.32 crores of intangible assets (software) under capital work in progress

CWIP aging schedule as on March 31, 2021

CWIP	(Rs. in Crores)		Total
	Amount in CWIP For a period of Less than 1 year	1-2 years	
Projects in progress*	113.02	1.63	114.65

* Project in progress consists amount of Rs 0.13 crores of intangible assets (software) under capital work in progress

Note:

There were no assets/projects forming part of CWIP, which have become overdue compared to their original plans or where costs are exceeded compared to original plans.

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6. Intangible assets

Following are the changes in the carrying value of Intangible assets for the year ended March 31, 2022 and the year ended March 31, 2021

Description	(Rs. in Crores)	
	Balance as at March 31, 2022	Balance as at March 31, 2021
SOFTWARE and CONSULTANCY		
Opening	0.46	0.38
Additions	0.03	0.08
Deletions / discarded / adjustments*	(0.13)	-
	0.36	0.46
Less: Accumulated Amortization		
Opening balance	0.13	0.06
Charge for the year	0.07	0.07
Deletions		
	0.20	0.13
Net Carrying Amount	0.16	0.33

* Reclassified to property, plant and equipment under plant & machinery

7. Non-current financial assets - Investments (measured at cost)

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Investment in Partnership Firm - Dhara Fine Chem Industries	0.97	0.75
Total	0.97	0.75

8. Non-current other financial assets

Unsecured, considered good

	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Security Deposits	8.48	7.34
Total	8.48	7.34

9. Other non-current assets

(Unsecured, considered good)

	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Capital advances	1.60	2.35
Total	1.60	2.35

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10. Inventories

(valued at lower of cost and net realisable value)

	As at March 31, 2022	As at March 31, 2021
		(Rs. in Crores)
- Raw materials*	36.38	27.40
- Work in Progress*	141.18	78.67
- Finished goods*	11.91	5.62
- Stores & Spares	2.75	1.88
- Fuel	0.13	0.08
- Packing	2.24	0.38
Total	194.59	114.03

* Hypothecated with Banks against Working Capital facilities

11. Current Investments

	As at March 31, 2022	As at March 31, 2021
		(Rs. in Crores)
Quoted Investment in Growth mutual funds	60.57	
Unquoted Investment in State Government bonds	5.17	-
Unquoted Investment in Inter Corporate loans	15.02	-
	80.76	-
Aggregate amount of quoted investments	60.18	
Market value of quoted investments	60.57	
Aggregate amount of unquoted investments	20.19	
Aggregate amount of impairment in value of investments	-	

12. Trade Receivables*

	As at March 31, 2022	As at March 31, 2021
		(Rs. in Crores)
- Unsecured, considered good -Outstanding for more than Six Months	3.12	2.41
Unsecured considered goods		
For Export	17.27	17.04
For Domestic	89.32	59.15
Provision for doubtful debts	(0.21)	(0.05)
Total	109.50	78.55

* Hypothecated with Banks

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Trade Receivable Aging schedule as on March 31, 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 6 months	6 months - 1 year	1-2 years	more than 2 years	
Undisputed trade receivables - considered good	0.83	2.74	0.17	0.21	3.95
Less Provision for doubtful debts					(0.21)

Note: Amount not due is Rs. 105.76 crores

Trade Receivable Aging schedule as on March 31, 2021

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 6 months	6 months - 1 year	1-2 years	more than 2 years	
(i) Undisputed trade receivables - considered good	0.30	1.57	0.39	0.45	2.71
Less Provision for doubtful debts					(0.05)

Note: Amount not due is Rs. 75.89 crores

13a. Cash and cash equivalents

	As at March 31, 2022	As at March 31, 2021
Balance with banks :		
- in current account	32.66	0.35
Cash in hand	0.14	0.16
Total	32.80	0.51

13b. Bank balances other than those disclosed in Note 13a above

	As at March 31, 2022	As at March 31, 2021
- in deposit accounts held as margin money against Bank Guarantee & Letter of credit	12.42	0.70
Total	12.42	0.70

14. Other Current financial assets

(Measured at Amortised Cost)	As at March 31, 2022	As at March 31, 2021
Loans and Advances to employees	0.38	0.41
Contract assets	36.18	23.97
(Asset measured at Fair Value through Profit or loss)		
Derivative Asset for Forwards Contracts	3.91	0.58
Total	40.47	24.96

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15. Other current assets

	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Advances to Trade Creditors	5.06	1.41
Balances with Government Authorities	12.80	16.97
Prepaid expenses	4.06	3.03
Total	21.92	21.41

16. Share Capital

Particulars	As at March 31, 2022		As at March 31, 2021	
	No of Shares	Rs.	No of Shares	Rs.
Authorised				
Equity Shares of Rs. 10/- each	2,50,00,000	25.00	2,50,00,000	25.00
10% Convertible Preference Shares of Rs. 100/- each.	5,00,000	5.00	5,00,000	5.00
9.80% Redeemable Cumulative Preference Shares of Rs.100/- each	20,00,000	20.00	20,00,000	20.00
		50.00		50.00
Issued, Subscribed and Fully Paid up				
Equity Shares of Rs. 10/- each fully paid-up	2,49,39,316	24.94	2,33,34,606	23.33
10% Convertible Preference Shares of Rs. 100/- each**	-	-	-	-
9.80% Redeemable Cumulative Preference Shares of Rs.100/- each **	-	-	-	-
	2,49,39,316	24.94	2,33,34,606	23.33

** On transition to Ind AS as per Ind As 109 the same has been considered under Long Term Borrowings.

16.1 The reconciliation of the number of shares outstanding is set out below:-

Particulars	As at March 31, 2022		As at March 31, 2021	
	No of Shares	Rs.	No of Shares	Rs.
At the beginning of the year				
Equity Shares outstanding at the beginning of the year	2,33,34,606	23.33	2,33,34,606	23.33
Add: Issued during the year				
Equity shares allotted	16,04,710	1.60	-	-
At the end of the year				
Equity Shares outstanding at the end of the year	2,49,39,316	24.94	2,33,34,606	23.33
Equity shares issued during year			-	-

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16.2 Rights, Preferences & Restriction of each class of shares

- The Company has only one class of equity shares having a face value of Rs. 10 per share. Each Shareholder is eligible for one vote per share.
- During the FY 2019-20 the Company has completed an Issue of 6,155,813 equity shares of face value of Rs. 10 each of the Company for cash at a price of Rs. 215.00 per equity share (including a share premium of Rs. 205.00 per equity share) aggregating to Rs. 1,32.35 crores (OFFER). The offer comprised of a fresh issue of 3,255,813 equity shares of the company aggregating Rs. 70 crores (FRESH ISSUE) and an offer for sale of 29,00,000 equity shares by a promoter and promoter group selling shareholder aggregating Rs. 62.35 crores (OFFER FOR SALE) and the equity shares were listed at BSE and NSE on May 8, 2019.
- 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.
- During the year the company issued 16,04,710 equity shares of Rs. 10/- each on preferential basis at a premium of Rs. 1392.12/- per share to the identified investors and the shares were allotted on January 6, 2022 and listed at BSE on January 14, 2022 and at NSE on January 13, 2022.

16.3 Details of Equity shares held by each equity shareholder holding more than 5% shares:

(Rs. in Crores)

Class of Shares / Name of Shareholder	As at March 31, 2022		As at March 31, 2021	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with Voting Rights				
Haridas Kanani	1,19,00,078	47.72%	1,19,00,078	51.00%
Dr. Harin Kanani	20,00,000	8.02%	20,00,000	8.57%
SBI Mutual Fund under its various Schemes	17,69,339	7.09%	12,72,846	5.45%
Axis Mutual Fund under its various schemes	17,95,455	7.20%	11,63,406	4.99%

Shares held by promoters and promoter group at the end of the year

(Rs. in Crores)

Promoter Name	Entity Type	As at March 31, 2022		As at March 31, 2021		% Change during the year*
		No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	
Haridas Kanani	Promoters	1,19,00,078	47.72%	1,19,00,078	51.00%	-3.28%
Dr. Harin Kanani	Promoters	20,00,000	8.02%	20,00,000	8.57%	-0.55%
Beena Kanani	Promoter Group	1,00,309	0.40%	1,00,309	0.43%	-0.03%
Pratik Malia	Promoter Group	2,233	0.01%	2,233	0.01%	0.00%
Malia Kishor	Promoter Group	2,000	0.01%	2,000	0.01%	0.00%
Vanita Madhwani	Promoter Group	2,000	0.01%	-	0.00%	0.01%
Asha Deepak Dalal	Promoter Group	1,990	0.01%	1,990	0.01%	0.00%
Charulata Reshamwala	Promoter Group	1,062	0.00%	1,062	0.00%	0.00%
Amritlal Kanani	Promoter Group	1,000	0.00%	1,000	0.00%	0.00%
Arun Gandhi	Promoter Group	1,000	0.00%	1,000	0.00%	0.00%
Rashmikant Gandhi	Promoter Group	1,000	0.00%	1,000	0.00%	0.00%
Pallika Haridas Kanani	Promoter Group	9,98,000	4.00%	10,00,000	4.29%	-0.28%

* There is a % change during the year in the promoter and promoter group shareholders holding due to increase in the paid up capital of the Company from 2,33,34,606 to 2,49,39,316 during the year under review post issue of equity shares on preferential basis.

Notes Accompanying Consolidated Financial Statements

for the year ended March 31, 2022

17. Other Equity

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
General Reserve	3.50	3.50
Retained Earnings (including other comprehensive income)	126.70	88.17
Securities Premium	276.64	60.56
Capital Reserve on Business Combination	7.20	7.20
Special Economic zone Re-investment reserve account	0.26	0.26
Total	414.30	159.68
General Reserve		
Opening balance	3.50	3.50
Add: Additional during the year	-	-
Closing balance	3.50	3.50
Retained Earnings		
Opening balance	88.17	61.76
Add: Profit/(loss) for the year	44.63	31.33
Other comprehensive income /(loss) (net of taxes)	(0.28)	0.05
Less:		
Dividend on Equity Shares	5.25	4.66
Others	0.57	0.05
Special Economic zone Re-investment reserve account	-	0.26
Closing balance	126.70	88.17
Securities Premium		
Opening balance	60.56	60.56
Add: during the year	216.08	-
Closing balance	276.64	60.56
Special Economic zone Re-investment reserve account		
Opening balance	0.26	-
Add : Transferred from Profit/ (loss) for the year	-	0.26
Closing balance	0.26	0.26

Nature	Purposes of other Reserves
General Reserve	This represents accumulated free reserves of the company
Retained Earnings	All the profit or losses made by the company are transferred to statement of P & L from Standalone statement of profit & losses
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

Notes Accompanying Consolidated Financial Statements

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18. Borrowings

Secured (at amortised cost)

(Rs. in Crores)

	As at March 31, 2022	As at March 31, 2021
Term loans from Banks and Financial Institutions*	121.52	116.10
Total	121.52	116.10

* Refer Note 39 for Company's exposure to liquidity risk and interest rate risk

18a. Secured loans

Particulars	As at March 31, 2022		As at March 31, 2021	
	Non - current	Current	Non - current	Current
Secured loans				
Term Loan	121.52	27.01	116.10	14.11
Working Capital		76.20		85.79
Total	121.52	103.21	116.10	99.90

As at March 31, 2022		As at March 31, 2021		Terms of Repayments	Security
Non-Current	Current	Non-Current	Current		
121.52	27.01	116.10	14.11	Installment of 1-3 years Rs. 97.93 crores, 3-5 years Rs.23.59 crores	First pari passu charge on all immovable properties and movable assets both present and future located at Mahape, Karakhadi, Dahej SEZ

(Rs. in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Working capital loans from banks (secured)		
Rupee loan	0.00	82.32
Foreign currency loan	76.20	3.47
Total	76.20	85.79

Working capital loans of Rs 76.20 (as at March 31, 2021 Rs. 85.79) are secured by:

- i) First Pari passu charge by way of hypothecation of stocks of raw materials, finished goods, work-in-process and book debts / receivables of the Company, both present and future.
- ii) First Pari passu charge on all Movables and immovables properties except GECL facility from HDFC Bank Limited wherein Second Pari passu charge is created on movables and immovables

Notes Accompanying Consolidated Financial Statements

for the year ended March 31, 2022

19. Other Non - Current Financials Liabilities

	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Lease Liabilities	1.95	1.72
Retention Money (measured at amortised cost)	2.00	2.00
Other non current financial liabilities	1.80	-
Total	5.75	3.72

20. Long-term provisions

Provision for employee benefits (Refer Note 38)

	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Gratuity	1.38	1.15
Compensated Absences	2.66	1.88
Total	4.04	3.03

21. Deferred Tax Liabilities (Net)*

Tax effect of items constituting deferred tax (assets) / liabilities

	(Rs. in Crores)	
Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits	(1.76)	(1.20)
Long term borrowing	(0.24)	(0.26)
Property, Plant & Equipment	21.09	9.62
MAT credit	(8.48)	-
Total	10.61	8.16

* Inclusive of Other comprehensive Income Tax

22. Current financial liabilities - Borrowings

Secured (at amortised cost) *

	(Rs. in Crores)	
Particulars	As at March 31, 2022	As at March 31, 2021
- Loans repayable on demand -Banks	76.20	77.25
- Cash credit facilities	-	8.54
Lease Liability	2.07	4.02
Total	78.27	89.81

* Refer Note 39 for Company's exposure to liquidity risk and interest rate risk

Notes Accompanying Consolidated Financial Statements

for the year ended March 31, 2022

23. Trade payables

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Micro, Small and Medium Enterprises*	6.15	0.71
Trade payables	92.73	65.37
Total	98.88	66.08

* 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, 2022 & March 31, 2021

Trade Payables Aging schedule as on March 31, 2022

Particulars	Outstanding for following periods from due date of payment			Total
	Less than 1 year	1-2 years	2-3 years	
	(i) M S M E	-	-	
(ii) Others	5.69	-	-	5.69
(iii) Disputed dues - MSME	-	-	-	-
(ii) Disputed dues- Others	-	-	-	-

Note: Amount not due is Rs.93.19 crores

Trade Payables Aging schedule as on March 31, 2021

Particulars	Outstanding for following periods from due date of payment			Total
	Less than 1 year	1-2 years	2-3 years	
	(i) M S M E	-	-	
(ii) Others	0.61	-	-	0.61
(iii) Disputed dues - MSME	-	-	-	-
(ii) Disputed dues- Others	-	-	-	-

Note: Amount not due is Rs. 65.47 crores

24. Current - Other financial liabilities

(measured at Amortised Cost)

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Current maturities of long-term debt - Secured*	27.01	14.11
Others payables	3.01	2.59
Salary payable	2.78	2.20
Other Deposits	2.28	0.04
Deferred revenue income	1.80	0.19
Total	36.88	19.13

* Refer Note 39 for Company's exposure to liquidity risk and interest rate risk

Notes Accompanying Consolidated Financial Statements

for the year ended March 31, 2022

25. Other current liabilities

(measured at Amortised Cost)

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Statutory dues payables (includes TDS, PF, WCT, Others)	2.11	0.81
Provision for taxation (net of advance tax)	0.09	0.99
Total	2.20	1.80

26. Short-term provisions

Provision for employee benefits (Refer Note 38)

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Gratuity	1.50	0.98
Compensated Absences	0.37	0.14
Total	1.87	1.12

27. Revenue from operations

Particulars	(Rs. in Crores)	
	For the period ended March 31, 2022	For the period ended March 31, 2021
Sale of products Comprises Manufactured goods of Chemicals		
Sales	551.85	386.37
Less : GST, customs duty and cess Recovered	76.91	64.41
Net Sales (excluding GST)	474.94	321.96
Other Operating Revenue	12.31	14.45
Total	487.25	336.41

28. Other income

Particulars	(Rs. in Crores)	
	For the period ended March 31, 2022	For the period ended March 31, 2021
Interest from banks on Fixed Deposits	0.19	0.04
Unrealised Gain on fair valuation of Quoted Investment	0.39	-
Interest income-others	0.36	0.08
Other Non Operating Income:		
Interest on loan from Partnership firm	0.00*	0.01
Others	0.13	0.01
Total	1.07	0.14

(* is less than Rs. 50,000)

Notes Accompanying Consolidated Financial Statements

for the year ended March 31, 2022

29. Cost of Materials Consumed

Particulars	(Rs. in Crores)	
	For the period ended March 31, 2022	For the period ended March 31, 2021
Opening stock	27.40	26.50
Purchases	352.75	181.66
	380.15	208.16
Less: Closing stock	36.38	27.40
Cost of raw material consumed	343.77	180.76

30. Changes in inventories of finished goods and work in progress

Particulars	(Rs. in Crores)	
	For the period ended March 31, 2022	For the period ended March 31, 2021
Opening Stock :		
Finished Goods	5.62	22.92
Work-in-Process	78.67	78.24
Less:		
Closing Stock:		
Finished Goods	11.91	5.62
Work-in-Process	141.18	78.67
Changes In Inventories:		
Finished goods	(6.29)	17.30
Work-in-Process	(62.51)	(0.43)
Changes in inventories of finished goods and work in progress	(68.80)	16.87

31. Employee benefits expense

Particulars	(Rs. in Crores)	
	For the period ended March 31, 2022	For the period ended March 31, 2021
Salaries, wages and bonus	25.36	16.76
Contribution to provident and other funds (refer note 38)	4.55	2.43
Staff welfare	1.59	0.88
Total	31.50	20.07

32. Finance costs

Particulars	(Rs. in Crores)	
	For the period ended March 31, 2022	For the period ended March 31, 2021
Interest expenses on borrowings	17.80	12.93
Other finance cost and bank charges	1.28	0.84
	19.08	13.77

Notes Accompanying Consolidated Financial Statements

for the year ended March 31, 2022

33. Other expenses

Particulars	(Rs. in Crores)	
	For the period ended March 31, 2022	For the period ended March 31, 2021
PRODUCTION EXPENSES		
Conversion Charges	8.02	6.88
Contract Labour charges	8.56	5.23
Fuel & Power	20.30	9.49
Quality Control Expenses	4.10	2.76
Research and Development Expenses	4.70	2.94
Consumption of Packing Material	5.88	3.85
Other Production Expenses	20.95	10.65
MARKETING EXPENSES		
Exhibition Expenses	0.76	0.01
Other Marketing Expenses	0.99	0.62
SELLING & DISTRIBUTION EXPENSES		
Clearing Charges	4.49	2.01
Sea & Air Freight (Export) Expenses	2.53	1.26
Other Selling & Distribution Exp	2.35	1.15
ADMINISTRATIVE EXPENSES		
Professional Fees	4.33	3.65
Miscellaneous Expenses	0.17	0.13
Other Admin Expenses	5.28	3.13
CSR and CER Expenses	0.78	0.59
Total	94.19	54.35
Payment to auditors(excluding applicable taxes) (included in professional fees)		
Audit Fees and Limited Review	0.22	0.22
Tax Audit Fees	0.05	0.05
Other Fees	0.02	0.02
Total	0.29	0.29

34. Other comprehensive income

Particulars	(Rs. in Crores)	
	For the period ended March 31, 2022	For the period ended March 31, 2021
Items that will not be reclassified to profit or loss		
(i) Remeasurements of the defined benefit plans (net of tax)	(0.40)	0.08
(ii) Income tax relating to items that will not be reclassified to profit or loss	0.12	(0.03)
Total	(0.28)	0.05

Notes Accompanying Consolidated Financial Statements

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35. Earnings per Share

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Profit attributable to equity shareholders*	44.63	31.33
Weighted average number of equity shares for calculation of basic and diluted earnings per share (Nos.)	2,49,39,316	2,33,34,606
Nominal value per share (INR)	10	10
Earnings per share (face value of INR 10)		
Basic	18.70	13.45
Diluted	18.70	13.45

*Profit figures are Rs. in crores

36. Contingent Liabilities and Commitments

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
(I) Contingent Liabilities		
Contingent liability for Letters of Credit issued by the Bank and Bank Guarantee for Excise, Customs etc.		
(i) Letter of credit / Bank Guarantee	6.53	0.67
(ii) Bill discounted / Cheques purchased	14.10	12.18
Total	20.63	12.85
(II) Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	52.45	53.19

37. 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
Haridas Kanani	Chairman and Managing Director	07-03-1989
Dr. Harin Kanani	Managing Director	15-07-2013
Shyamsunder Upadhyay	Whole time Director	27-07-2015
Anurag Surana	Non- Executive and Non-Independent Director	15-05-2017
Sanjay Mehta	Independent Director	25-09-2012
Hitesh Reshamwala	Independent Director	15-09-2014
Prof. Ranjan Kumar Malik	Independent Director	06-10-2018
Avi Sabavala	Independent Director	06-10-2018

Notes Accompanying Consolidated Financial Statements

for the year ended March 31, 2022

(c) Relatives of key management personnel and their enterprises, where transaction have taken place.

Particulars	Name of Interested Director
Kagashin Global Network Private Ltd	Anurag Surana
OCS Services (India) Private Limited	Hitesh Reshamwala

(d) Other Related Parties :

Nil

(B) Transactions with related parties:

Particulars	(Rs. in Crores)	
	March 31, 2022	March 31, 2021
Less than one year		
Kagashin Global Network Private Ltd	0.96	0.96
OCS Services (India) Private Limited	0.69	0.18
Sitting Fees		
Sanjay Mehta	0.03	0.03
Hitesh Reshamwala	0.03	0.03
Prof. Ranjan Kumar Malik	0.02	0.02
Avi Sabavala	0.03	0.03
Salary		
Haridas Kanani	0.64	0.57
Dr. Harin Kanani	0.60	0.53
Shyamsunder Upadhyay	0.60	0.53

38. 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.

Description	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
The Company has recognized the following amounts in the Statement of Profit and Loss for the year:		
Employers' Contribution to Provident Fund	1.89	1.16
Employers' Contribution to Employees' Pension Scheme, 1995	0.54	0.34
Total	2.43	1.50

(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.

Notes Accompanying Consolidated Financial Statements

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Gratuity Plan:

(a) Asset/(Liability) recognized in Standalone statement of assets and liabilities

(Rs. in Crores)

Description	As at March 31, 2022	As at March 31, 2021
Present value of obligation at end of the year	-3.91	-3.20
Fair value of Plan Assets	1.03	1.07
Net assets/(liability) recognized in Standalone statement of assets and liabilities as provision	-2.88	-2.13

(b) Amount recognized in the Standalone statement of profit and loss is as under:

(Rs. in Crores)

Description	As at March 31, 2022	As at March 31, 2021
Current Service Cost	0.37	0.41
Net Interest Cost	0.15	0.22
Expense Recognized in the Income Statement	0.52	0.63

(c) Amount recognized in other comprehensive income as under:

(Rs. in Crores)

Description	As at March 31, 2022	As at March 31, 2021
Actuarial (Gain)/Loss for the year on defined benefit obligation	0.40	-0.93
Actuarial (Gain)/Loss for the year on plan assets	0.06	0.02
Net (Income)/Expense Recognized in the Income Statement	0.45	-0.91

(d) Movement in liability recognized in the Standalone statement of assets and liabilities as under:

(Rs. in Crores)

Description	As at March 31, 2022	As at March 31, 2021
Present Value of defined benefit obligation as at the start of the year	3.20	3.81
Current Service Cost	0.37	0.41
Interest Cost	0.22	0.26
Actuarial loss/(gain) recognized during the year	0.40	-0.93
Benefits paid	-0.28	-0.35
Past Service Cost including curtailment Gain/Losses		
Present Value of defined benefit obligation as at the end of the year	3.91	3.20

Notes Accompanying Consolidated Financial Statements

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(e) Movement in plan assets recognized in the Standalone statement of assets and liabilities as under:

Description	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Fair Value of plan assets at beginning of year	1.07	0.58
Interest Income	0.07	0.04
Expected return on plan assets - %	7.29%	7.01%
Employer's Contribution	0.22	0.82
Benefits Paid	-0.28	-0.35
Actuarial (Gain)/Loss on plan asset	-0.06	-0.02
Fair Value of plan assets at end of year	1.03	1.07
Actual Return on Plan assets, Excluding Interest Income	0.06	-0.02

(f) Breakup of Actuarial (Gain)/Loss on Defined Benefit Obligation:

Description	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Actuarial (Gain)/Loss on arising from change in demographic assumption	-0.00	-0.03
Actuarial (Gain)/Loss on arising from change in financial assumption	-0.08	-0.03
Actuarial (Gain)/Loss on arising from change in experience adjustments	0.48	-0.87
Total Actuarial (Gain)/Loss	0.40	-0.93

(g) Actuarial Assumption:

Description	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Expected Return on Plan Assets	7.29%	7.01%
Discount Rate	7.29%	7.01%
Future Salary Increase	6.00%	6.00%
Rate of Employee Turnover - (service of more than 5 years)	2.00%	2.00%
Rate of Employee Turnover - (service of less than 5 years)	6.00%	2.00%
Expected Average remaining working lives of employees (years)	16	15

(h) Sensitivity analysis for gratuity liability:

Description	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Impact of the change in discount rate		
Present value of obligation at the end of the year	3.91	3.20
- Impact due to increase of 1 %	-0.27	-0.23
- Impact due to decrease of 1 %	0.31	0.26
Impact of the change in Salary increase		
Present value of obligation at the end of the year	3.91	3.20
- Impact due to increase of 1 %	0.28	0.24
- Impact due to decrease of 1 %	-0.25	-0.21
Impact of the change in Employee Turnover		
Present value of obligation at the end of the year	3.91	3.20
- Impact due to increase of 1 %	0.02	0.02
- Impact due to decrease of 1 %	-0.03	-0.02

Notes Accompanying Consolidated Financial Statements

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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 recognized 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)**

Description	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Within next 12 months	0.66	0.37
Between 1-5 years	0.94	0.85
Beyond 5 years	6.35	5.07

(j) **Category of Plan Assets:**

Description	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Insurance Fund	1.03	1.07
Percentage of present obligation covered under Insurance Fund	26.31%	[33.42%]
Total	1.03	1.07

(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 recognized as expense in statement of profit & loss a/c.

Description	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Expense/(Income) to be recognized in Profit & Loss A/c	1.01	0.22
Total	1.01	0.22

39. 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.

Notes Accompanying Consolidated Financial Statements

for the year ended March 31, 2022

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, 2022 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 recognized 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.

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-22		As at 31-Mar-21	
		Amt in foreign currency	Amt in INR	Amt in foreign currency	Amt in INR
Trade Receivables & Other financial assets	EURO	0.03	2.78	0.01	0.66
Borrowings	USD	0.93	70.52	0.04	2.89
Borrowings	EURO	0.07	5.68	0.01	0.63
Trade Payable and other financial liabilities	EURO	0.01	0.84	-	-

Particulars	As at March 31, 2022	As at March 31, 2021
	Effect on profit before tax	Effect on profit before tax
Trade Receivables & Other financial assets		
Change in Euro rate (+/-5%)	0.14	0.03
Borrowings, Trade Payables and other financial liabilities		
Change in USD rate (+/- 5%)	-3.53	-0.14
Change in Euro rate (+/- 5%)	-0.33	-0.03

Notes Accompanying Consolidated Financial Statements

for the year ended March 31, 2022

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

Particulars	Nature of Foreign currency	(Rs. in Crores)			
		As at 31-Mar-22		As at 31-Mar-21	
		Amt in foreign currency	Amt in INR	Amt in foreign currency	Amt in INR
Trade Receivables & Other financial assets	USD	0.17	13.04	0.21	14.99
Trade Payable and other financial liabilities	USD	0.45	34.41	0.21	16.10

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
	Effect on profit before tax	Effect on profit before tax
Trade Receivables & Other financial assets		
Change in USD rate (+/- 5%)	0.65	0.75
Borrowings, Trade Payables and other financial liabilities		
Change in USD rate (+/- 5%)	(1.72)	(0.81)

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 amortized 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 amortized 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.

Notes Accompanying Consolidated Financial Statements

for the year ended March 31, 2022

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	(Rs. in Crores)				
	Balance as on March 31, 2022	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long term Borrowings	121.52		97.93	23.59	
Short term borrowing*	103.21	103.21			
Trade Payable	98.88	98.88			
Statutory dues payable	2.11	2.11			
Other Liabilities	3.01	3.01			

* Short term borrowing includes current maturity of long term borrowings of Rs.27.01 crores

40. 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 1years to 5 years.

The following rent expenses recognized:

Year Ended	(Rs. in Crores)	
	March 31, 2022	March 31, 2021
Less than one year	2.76	1.57

41. Operating Segment Disclosure

The company is in the business of Manufacturing of speciality Chemicals and accordingly has one reportable business segment

Geographical Information

Particulars		(Rs. in Crores)	
		31-Mar-22	31-Mar-21
Revenue from External Customers	India	270.85	179.00
	Overseas includes Deemed Export	216.40	157.41
	Total	487.25	336.41

42. Additional Regulatory Information Required by Schedule III

- a) All the title deeds of Immovable properties (other than properties where the Company is the lessee and lease agreements are duly executed in favour of the lessee) are held in the name of the company and the properties are not held in joint name.

Notes Accompanying Consolidated Financial Statements

for the year ended March 31, 2022

- b) There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period
- c) The company has not traded or invested in Crypto currency or Virtual Currency during the financial year
- d) The Company has not revalued its intangible assets and accordingly the revaluation as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017 is not applicable.
- e) The company has not granted loans or advances to its promoters, directors and KMPs and for related parties disclosures refer note 37
- f) The company has borrowings from banks on the basis of security of current assets and the reconciliation and reasons of material discrepancies are given below

(Rs. in Crores)				
Quarter ended	Particulars	Amount as per books of account of the Company (after Accounting Impact)	Amount as reported in the quarterly return / statement	Amount of difference
March 31, 2022	Trade receivables	109.50	109.70	(0.20)
	Inventories	189.47		-
	Other current assets	32.51	221.98	
December 31, 2021	Trade receivables	109.23	108.73	0.50
	Inventories	179.67		-
	Other current assets	38.96	218.63	
September 30, 2021	Trade receivables	86.59	86.70	(0.11)
	Inventories	165.27		-
	Other current assets	30.79	196.06	
June 30, 2021	Trade receivables	83.05	83.05	
	Inventories	149.29		-
	Other current assets	21.08	170.37	

Reason for differences:

There was no material discrepancies between amount reported in the quarterly return and amount as per books of account. However, there was some immaterial discrepancies due to following reason;

The company has to submit its data to bank within stipulated time lines. Accordingly, the data prevailing as on these reporting dates into books of accounts are submitted to banks for managing compliances and borrowing facility usage.

Amount as per books of account are after due verification, limited review by Statutory auditors and corrective entries. This generally happens only after the due dates of data submission to bank have passed.

Due to the above facts, there was an identified differences in data submitted to banks and data as per books of accounts.

g) Wilful defaulter

The company is not declared a wilful defaulter by any bank or financial institution or other lender

h) Details of benami property held

No proceedings have been initiated on or are pending against the company for holding benami property under the Benami Transactions

Notes Accompanying Consolidated Financial Statements

for the year ended March 31, 2022

i) Compliance with number of layers of companies

The company does not have any layers prescribed under clause (87) of section 2 of the Companies Act, 2013.

j) Utilisation of borrowed funds and share premium

The company has not advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

k) Relationship with struck off companies

The company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

l) Undisclosed Income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

m) Valuation of PP&E, intangible asset and investment property

The company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

n) Analytical Ratios

Particulars	Numerator	Denominator	(Rs. in Crores)		
			As at March 31, 2022	As at March 31, 2021	% Variance
Current Ratio	Current Assets	Current Liabilities	2.26	1.38	63.92
Debt- Equity Ratio	Total Debt	Shareholder's Equity	0.51	1.10	-53.49
Debt Service Coverage Ratio	PAT + Depreciation & Amortisation + Interest	Principal repayment on long term debt + interest payments	1.22	1.24	-2.03%
Return on Equity Ratio	Net Profit after tax	Average Shareholder's Equity	10.18%	17.17%	-40.70%
Inventory turnover Ratio	Sale of Products	Average Inventory	3.19	2.76	15.46%
Trade Receivables turnover ratio	Sale of Products	Average Trade Receivables	5.18	4.38	18.44%
Trade Payable turnover Ratio	Net Credit	Average Trade Payables	4.28	3.56	19.99%
Net Capital turnover Ratio	Net Sales	Average Working Capital	2.81	4.46	-36.91%
Net Profit Ratio	Net Profit	Net Sales	9.18	9.35	-1.80%
Return on Capital Employed	EBIT	Tangible Net Worth + Total Debt + Deferred Tax Liability	11.48%	14.55%	-21.12%
Return on Investment	Income Earned from Investments made	Investments made	16976%	-102%	-16772.14%

Notes Accompanying Consolidated Financial Statements

for the year ended March 31, 2022

Reason for variance of more than 25%

Ratio	Remarks
Current Ratio	Due to increase in Cash balances, investment and inventories during the current year, Current ratio was increased by 64% over previous year.
Debt- Equity Ratio	The company has repaid short term borrowings by raising equity capital on preferential basis. This has resulted into improved debt equity ratio and debt service coverage ratio during the current year.
Debt Service Coverage Ratio	
Return on Equity Ratio	The raising of funds through equity capital on preferential basis during the current year has increased the equity capital base. Due to this ROE is showing reduction against previous year; whereas Net profit margin is more or less stable at 9.18% for the current year as against 9.35% of previous year.
Net Capital turnover Ratio	Due to increase in Cash balances, investment and inventories during the current year, net working capital is on higher side as compared to previous year. This has resulted into decreased net working capital turnover as compared to previous year.
Return on Investment	The company has parked unutilised funds raised through preferential allotment of equity shares into some short term investment instruments. Due to this, there was an abnormal increase in return on investment during the current year.

o) Corporate social responsibility (CSR)

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 Water Management Programmes , environmental sustainability and agriculture development; Promoting education amongst Children; promoting health care including preventive health care and sanitation and Disaster Management; Contribution towards Combating COVID Pandemic. Supporting Women Empowerment Projects; and Rural Development Projects. A CSR committee has been formed by the company as per the Act. The funds were primarily utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013:

Particulars	As at March 31, 2022	As at March 31, 2021
i) Amount required to be spent by the company during the year	0.77	0.59
ii) Amount of expenditure incurred	0.78	0.59
iii) Shortfall at the end of the year*	-	-
iv) Total of previous years shortfall	-	-
v) Reason for shortfall	NA	NA
vi) Nature of CSR activities	Water Management Programmes , environmental sustainability and agriculture development; Promoting education amongst Children; promoting health care including preventive health care and sanitation and Disaster Management; Contribution towards Combating COVID Pandemic. Supporting Women Empowerment Projects; and Rural Development Projects	

Notes Accompanying Consolidated Financial Statements

for the year ended March 31, 2022

- p) The company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year
- q) The Company has assessed the possible impact of COVID-19 on its financial statements based on the internal and external information and concluded no adjustments are required in these consolidated financial statements. The Company continues to monitor changes in future economic conditions.

43. Additional Regulatory Information Required by Schedule III

- (i) Rupees in crores 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.

As per our report of even date attached.

For JMT & Associates

Chartered Accountants
Firm's Regn No:104167W

Jayesh J Shah

Partner
Membership No: 039910

Place: Thane

Date: May 14, 2022

For & behalf of the Board of Directors

Haridas Kanani

Chairman & Managing Director
DIN : 00185487

Ketan Vyas

Chief Financial Officer

Dr. Harin Kanani

Managing Director
DIN : 05136947

Unnati Kanani

Company Secretary and Compliance Officer
M. no. A35131

Notice of 33rd Annual General Meeting

Notice is hereby given that the 33rd Annual General Meeting (**“the AGM”**) of the members of **Neogen Chemicals Limited** (**“the Company”**) will be held on **Wednesday, September 28, 2022 at 5.00 p.m.** through Video Conferencing (‘VC’) / Other Audio Visual Means (‘OVAM’) to transact the following businesses:

Ordinary Business:

- 1) **To receive, consider and adopt the:**
 - a. Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2022 together with Reports of the Board of Directors & Auditors’ thereon; and
 - b. Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2022 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, 2022.
- 3) To appoint a Director in place of Mr. Shyamsunder Upadhyay (DIN: 07274873), Whole Time Director who retires by rotation and being eligible offers himself for re-appointment.

Special Business:

- 4) **Re-Appointment Of Dr. Harin Kanani, as a Managing Director of the Company and to fix his Remuneration:**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 152, 196, 197, 198 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 (**“the Act”**) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**“SEBI LODR”**) and Articles of Association of the Company, and on recommendation of the Nomination and Remuneration committee and approval of the Board of the Company, the consent of the members of the company be and is hereby accorded to the re- appointment of Dr. Harin Kanani (DIN: 05136947) as a Managing Director of

the Company for a term of 5 years starting from July 22, 2022 till July 21, 2027, liable to retire by rotation, on such terms and conditions including remuneration as set out in the agreement, the abstract of which is given in explanatory statement annexed to this Notice, including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment, with authority to the Board of Directors (hereinafter referred to as **“the Board”** which term shall include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and/ or to recommend/decide from time to time the remuneration (including annual increments, perquisites and incentives along with the performance bonus and commission) payable to Dr. Harin Kanani during his tenure subject to the same not exceeding the then existing limits specified under Section 197, read with Schedule V of the Companies Act, 2013 (including any amendments, modifications made hereinafter in this regard) and SEBI LODR and in such manner as may be agreed to between the Board and Dr. Harin Kanani without any further reference to the members in General Meeting;

RESOLVED FURTHER THAT the Board/Committee(s) of the Board of the Company, any of the Directors, Chief Financial Officer or the Company Secretary of the Company, be and are hereby severally authorized to do all such acts, deeds, matters and things (including the power to sub-delegate) as they may in their absolute discretion consider necessary, desirable or expedient including without limitation, making application, filing of requisite forms/ documents with the Registrar of Companies and/ or such other authorities as may be necessary for the said purpose; issuing clarification and make submissions to various authorities; to sign, seal, execute and submit the necessary documents, letters, deeds and agreement to the concerned authorities; to resolve and settle any questions/difficulties that may arise with respect to the said re- appointment of Dr. Harin Kanani as a Managing Director and to authorize such person as may be deemed necessary, in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit in the best interest of the Company, without being required to seek any further consent or approval of the shareholders of the Company and that the decision of the Board shall be final and conclusive.”

5) 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) of the Companies Act, 2013, read with Companies (Cost Records and Audit Rules), 2014 the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions of the Companies Act, 2013 (including any statutory enactment, amendments or modifications thereto from time to time), the members of the Company hereby ratifies and approves the appointment of Kishore Bhatia & Associates, Cost Accountants, with Firm Registration Number- 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 the audit of the cost records of the Company for the financial year ending on March 31, 2023, at a remuneration of Rs. 3,00,000 (Rupees Three Lakhs) plus applicable taxes and reimbursement of out of pocket expenses, if any;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, matters and things as may be necessary to give effect to the above resolution.”

By order of the Board
For **Neogen Chemicals Limited**

Unnati Kanani

Company Secretary &

Compliance Officer

Place: Thane

Date: August 6, 2022

Membership No.: A35131

Regd. Office Address:

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

CIN No.: L24200MH1989PLC050919

Notes

1. Pursuant to the General Circular numbers 02/2022 dated May 5, 2022, 21/2021 dated December 14, 2021, 02/2021 dated January 13, 2021, 20/2020 dated May 5, 2020, 19/2021 dated December 8, 2021, 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/

CMD2/CIR/P/2022/62 dated May 13, 2022, SEBI/HO/CFD/CMD1/CIR/ P/ 2020/79 dated May 12, 2020 and circular no. SEBI/HO/CFD/CMD2/ CIR/P/2021/11 dated January 15, 2021 issued by the Securities and Exchange Board of India (SEBI) in relation to “Relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) due to the COVID -19 pandemic” (hereinafter collectively referred to as “the Circulars”), companies are allowed to hold AGM through through VC/ OAVM without the physical presence of members at a common venue. In compliance with the Circulars, the 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 forms part of these notes.

2. In terms of Section 102 of the Companies Act, 2013 (“**the Act**”) and Secretarial Standard on General Meetings, an explanatory statement setting out the material facts concerning special business under item no. 4 to 5 to be transacted at the AGM is annexed and forms part of this Notice.

3. The relevant details, pursuant to Regulations 26(4) and 36(3) of the Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM are also annexed to this Notice

4. Since the AGM will be held through VC/ OAVM in accordance with the Circulars, the route map, proxy form and attendance slip are not attached to this Notice and accordingly the facility for appointment of proxies by the members will not be available and physical attendance of Members has been dispensed with. Participation of members through VC/OAVM will be counted for the purpose of determining quorum for the AGM as per section 103 of 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 Tuesday, September 20, 2022 to enable the Company to compile and provide replies at the meeting.

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 Tuesday, September 27, 2022. Depending on the availability of time, the Company reserves the right to restrict the number of speakers at the meeting.

7. Institutional/ Corporate members are encouraged to attend and vote at the AGM through VC/ OVAM. Institutional/ Corporate members intending to appoint their authorized representatives to participate and vote at the meeting are requested to send 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 by an email marked to the Company at investor@neogenchem.com, to the Scrutinizer at devendracs@gmail.com with a copy to the Registrar and Share Transfer Agent of the Company i.e. Link Intime India Private Limited (“the RTA”) at rnt.helpdesk@linkintime.co.in / instameet@linkintime.co.in
8. The Register of Directors & Key Managerial Personnel and their Shareholdings maintained under Section 170 and Register of Contracts or Arrangements in which directors are interested under Section 189 of the Act 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, i.e. Wednesday, September 28, 2022. Members seeking to inspect such documents can send their requests via an email to the Company at investor@neogenchem.com on or before 5.00 p.m. on Tuesday, September 20, 2022.
9. All communications including Notice of the AGM, Annual Report 2021-22 and instructions for e-voting, are being sent by an electronic mode to those members whose email address are registered with the Company/Depository Participant (s) and physical copy of the Notice of the AGM along with the Annual Report 2021-22 is being sent by the permitted modes to those Members whose e-mail addresses are not registered. A copy of the Annual Report along with the Notice convening the AGM will be available on the Company’s website <https://neogenchem.com/annual-reports-2/> and the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the website of RTA at <https://instavote.linkintime.co.in>.

10. At the 30th 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 30th AGM till the conclusion of the 35th 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 AGM.
11. The final dividend of Rs. 2.75 per equity share of face value of Rs. 10 each for the F.Y. 2021-22, as recommended by the Board of Directors in its meeting held on Saturday, May 14, 2022, if approved at the AGM, will be paid to those members whose name appears in the Register of Members of the Company as on Tuesday, September 20, 2022 i.e. Cut-off date (Record Date) or those, whose names appear as beneficial owners as on Tuesday, September 20, 2022 as per lists to be furnished by the depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited, 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 delivered to their registered addresses depending on the availability of the postal facility. 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 shareholders and the company would be required to deduct tax at source (TDS) from the dividend paid to the shareholders at a prescribed rate. 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 (IT Act), would depend upon the status of the recipient and is explained herein below:

I) For Resident Individuals:

Tax is required to be deducted at source under Section 194 of the IT Act, at 10% on the amount of dividend where shareholder(s) have registered their valid Permanent Account Number (PAN) and at a rate of 20% for cases wherein:

- the shareholder(s) do not have PAN / have not registered their valid PAN details in their account.
- the shareholder(s) have not linked their Aadhaar with their PAN within the due date as prescribed by the Income Tax Department, rendering the PAN as invalid.
- the shareholder(s) have not filed their Income Tax returns for FY 2019-20 and 2020-21 and the aggregate of TDS and tax collected at source in his/her case is Rs. 50,000 or more, in each of these two previous years.

However, no tax shall be deducted on the dividend payable to a resident individual if:

- The total dividend to be received by them during Financial Year 2022-23 does not exceed Rs. 5,000;
- The members provide Form 15G (applicable to any person other than a HUF, Company or a Firm) / Form 15H (applicable to individuals aged 60 years or more) subject to conditions specified in the IT Act.
- Exemption certificate is issued by the Income-tax Department, if any.

Resident shareholders 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 ("RTA") at <https://www.linkintime.co.in/client-downloads.html> under the "General TAB".

II) Resident Non-Individuals:

No tax shall be deducted on the dividend payable to the following resident non-individuals, where they provide details and documents as below:

- **Insurance Companies:** Self-attested copy of valid IRDAI registration certificate needs to be submitted along with self-attested copy of PAN and a declaration that it has full beneficial interest with respect to the shares owned by it;

- **Mutual Funds:** Self-declaration that they are specified in Section 10 (23D) of the IT Act along with self-attested copy of PAN card and SEBI registration certificate;
- **Alternative Investment Fund (AIF):** AIF established/incorporated in India - Self-declaration that its income is exempt under Section 10 (23FBA) of the IT Act and they are governed by SEBI regulations as Category I or Category II AIF along with self-attested copy of the PAN card and SEBI registration certificate;
- **Recognized Provident Fund:** No TDS is required to be deducted as per Circular No.18/2017, subject to specified conditions. Self-attested copy of a valid order from Commissioner under Rule 3 of Part A of Fourth Schedule to the Act, or self-attested valid documentary evidence (e.g. relevant copy of registration, notification, order, etc.) in support of the provident fund being established under a scheme framed under the Employees' Provident Funds Act, 1952 needs to be submitted.
- **Approved Superannuation Fund:** No TDS is required to be deducted as per Circular No.18/2017, subject to specified conditions. Self-attested copy of valid approval granted by Commissioner under Rule 2 of Part B of Fourth Schedule to the Act needs to be submitted.
- **Approved Gratuity Fund:** No TDS is required to be deducted as per Circular No.18/2017, subject to specified conditions. Self-attested copy of valid approval granted by Commissioner under Rule 2 of Part C of Fourth Schedule to the Act needs to be submitted
- **National Pension Scheme:** No TDS is required to be deducted as per Section 197A(1E) of the Act.
- **Government (Central/State):** No TDS is required to be deducted as per Section 196(i) of the Act.
- **Any other entity entitled to exemption from TDS:** Valid self-attested documentary evidence (e.g. relevant copy of registration, notification, order, etc.) in support of the entity being entitled to TDS exemption needs to be submitted) along with copy of PAN card.

In case where the shareholders provide certificate under Section 197 of the IT Act for lower / NIL withholding of taxes, rate specified in the said certificate shall be considered based on submission of self-attested copy of the same.

III) 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 IT 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, i.e. 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:

- In case of FPI / FII, copy of SEBI registration certificate;
- 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 2022-23 or later 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 IT 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. In any case, the amounts paid/payable to the Shareholder are not attributable or effectively connected to the PE or fixed base, if any, which may have got constituted otherwise;
- Self-declaration of beneficial ownership by the non-resident shareholder and that affairs of the shareholder are 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;
- Shareholder is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;
- Shareholder has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;
- Shareholder is the ultimate beneficial owner of its shareholding in the Company and dividend receivable from the Company;
- Self-declaration by the shareholder regarding the satisfaction of the place of effective management (POEM), principal purpose test, GAAR, Simplified Limitation of Benefit test (wherever applicable), as regards the eligibility to claim recourse to concerned Double Taxation Avoidance Agreements.

- Any other documents as prescribed under the IT Act for lower withholding of taxes if applicable, duly attested by member

iv) 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 in its sole discretion reserves the right to call for any further information and/or to apply domestic law for TDS.

v) Section 206 AB of the Act

Rate of TDS @10% u/s 194 of the Act is subject to provisions of Section 206AB of the IT Act (effective from July 1, 2021) which introduces special provisions for TDS in respect of non-filers of income-tax return. As provided in Section 206AB, tax is required to

be deducted at higher of following rates in case of payments to specified persons:

- at twice the rate specified in the relevant provision of the Act; or
- at twice the rate or rates in force; or
- at the rate of 5%.

Where Sections 206AA and 206AB are applicable i.e. the specified person has not submitted the PAN as well as not filed the return; the tax shall be deducted at the higher of the two rates prescribed in these two sections.

The term 'specified person' is defined in sub section (3) of Section 206AB who satisfies the following conditions:

- A person who has not filed the income tax return for two previous years immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing of return of income under Section 139(1) of the IT Act has expired; and
- The aggregate of TDS and TCS in his case is Rs. 50,000 or more in each of these two immediate previous years.

The non-resident who does not have the permanent establishment is excluded from the scope of a specified person.

The Central Board of Direct Taxes (CBDT) has recently prescribed the functionality for determining whether a person fulfils the conditions of being a 'Specified Person' or not. Accordingly, the Company will verify from the above functionality provided by CBDT whether any Shareholder of the Company qualifies as a 'Specified Person' prior to applying the relevant TDS rates.

To summarise, dividend will be paid after deducting the tax at source as under:

- NIL for resident shareholders receiving dividend upto Rs. 5000 or in case Form 15G/ Form 15H (as applicable) along with self-attested copy of the PAN card is submitted.
- 10% for other resident shareholders in case copy of PAN card is provided/ available.
- 20% for resident shareholders if copy of PAN card is not provided/ not available.
- Tax will be assessed on the basis of documents submitted by the non-resident shareholders.

- v. 20% plus applicable surcharge and cess for non-resident shareholders in case the relevant documents are not submitted.
- vi. Lower/ NIL TDS on submission of self-attested copy of the valid certificate issued under Section 197 of the Act.

Aforesaid rates will be subject to applicability of Section 206AB of the IT Act.

In terms of Rule 37BA of IT Rules 1962, if dividend income on which tax has been deducted at source is assessable in the hands of a person other than the deductee, then such deductee should file declaration with Company in the manner prescribed by the Rules.

The aforementioned documents (duly completed and signed) are required to be furnished by the respective shareholders no later than Tuesday, September 20, 2022, 5:00 PM IST to the RTA of the Company by uploading and submitting the scanned copy of the same at <https://web.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> sending an email at neogendivtax@linkintime.co.in with a copy to the Company at investor@neogenchem.com 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 Tuesday, September 20, 2022, 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 if request is received from the Shareholders.

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 IT Act and claim an appropriate refund, if eligible.

In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided / to be provided by the Shareholder(s), such Shareholder(s) will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any appellate proceedings.

All communications/ queries in this respect should be addressed to the RTA by sending an email at neogendivtax@linkintime.co.in

Above communication on TDS sets out the provisions of law in a summary manner only and does not purport to be a complete analysis or listing of all potential tax consequences.

Shareholders should consult with their own tax advisors for the tax provisions that may be applicable to them.

12. Members wishing to claim dividends that remain unclaimed for the financial year 2018-19, 2019-20 and 2020-21 are requested to correspond with the RTA at rnt.helpdesk@linkintime.co.in, or with the Company Secretary, at the Company's registered office or may write at investor@neogenchem.com. Members are requested to note that dividends which remains unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account, will be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. 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. It may be noted that, no claim shall lie against the Company in respect of individual amounts of dividends remaining unclaimed and unpaid for a period of seven years from the date it became first due and duly transferred to IEPF Fund for payment and the concern shareholder could approach IEPF Authority to release of any such unclaimed dividend.

The Ministry of Corporate Affairs (MCA), Government of India, through its Circular No. 17/2012 dated July 23, 2012 has directed companies to upload on the company's website information regarding unpaid and unclaimed dividend. Pursuant to the said IEPF Rules, the Company has uploaded the details of unpaid and unclaimed dividend on its website at <https://neogenchem.com/unclaimed-unpaid-dividend/>.

SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. The shareholders are requested to update their PAN with the Company / RTA (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

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 at C-101, 1st Floor, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai, Maharashtra, 400083, Phone No. +91 22 49186000 Email- lochan.chavan@linkintime.co.in Contact Person – Lochan Chavan, Associate.

SEBI vide its notification dated January 24, 2022 has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialized form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, Members are advised to dematerialise the shares held by them in physical form. Members can contact the Company or its RTA, for assistance in this regard.

Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_ RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the listed companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/ exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR- 4 to RTA.

14. As per the provisions of Section 72 of the Act and SEBI Circular, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/she may submit the same in Form ISR-3 or SH-14 as the case may be. The said forms can be downloaded from the RTA's website <https://linkintime.co.in/client-downloads.html>. Members are requested to submit the said details to their DP in case the shares are held by them in dematerialized form and to RTA in case the shares are held in physical form.
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/ RTA in prescribed Form ISR-1 available at <https://linkintime.co.in/client-downloads.html> and other forms pursuant to SEBI Circular No. SEBI/HO/ MIRSD/MIRSD_ RTAMB/P/CIR/2021/655 dated November 3, 2021, 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. 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.
17. The Register of Members of the Company shall remain closed from Wednesday, September 21, 2022 to Wednesday, September 28, 2022 (both days inclusive).

Voting through electronic mode:

1. In compliance with the provisions of Section 108 of the Act 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 Listing Regulations 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 the RTA 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 AGM 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 AGM through VC/ OVAM but shall not be entitled to cast their vote again.
3. The voting on the proposals contained in 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 AGM 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 rnt.helpdesk@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 at RTA 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.
4. The remote e-voting period commences on Sunday, September 25, 2022 at 9:00 A.M. and ends on Tuesday, September 27, 2022 at 5:00 P.M. During this period, the Members holding shares in the Company, as on the cut-off date being Tuesday, September 20, 2022 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 i.e. Tuesday, September 20, 2022. 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.
- b. Once the vote on resolution is 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 i.e. Tuesday, September 20, 2022 may refer to this Notice of AGM of the Company, posted on Company's website <https://neogenchem.com/annual-reports-2/> for detail procedure with regards to remote e-voting and will have to login at the portal of respective depositories for e-voting (namely **NSDL IDeAS or CDSL Easi / Easiest**) with which they are holding securities in demat mode and If the user is not registered for NSDL IDeAS e-Services, option to register is available at <https://eservices.nsdl.com>. Select "Register Online for IDeAS "Portal or click at <https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp> and in case if the user is not registered for CDSL Easi/ Easiest, option to register is available at <https://web.cdslindia.com/myeasi./Registration/EasiRegistration>.

In case of any queries or technical issues regarding login through depository contact **NSDL helpdesk** by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 and **CDSL helpdesk** by sending a request at helpdesk. evoting@cdslindia.com or contact at 022- 23058738 or 22- 23058542-43 and for queries/ technical issues relating to Insta Vote e-voting, members may refer the Frequently Asked Questions ("FAQs") and Insta Vote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or send an email to enotices@linkintime.co.in or contact on: - Tel: 022 – 4918 6000 providing details, such as, name of the Member, DPID / Client ID no. and name of the Company.

Any person, who ceases to be a 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.

5. The voting during the AGM will begin on Wednesday, September 28, 2022 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 exercised their vote through remote e-voting during the E-voting Period prior to AGM and are otherwise not barred from doing so, shall be allowed to e-vote during the AGM.

The facility for e-voting during the AGM 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.

6. The Board of Directors has appointed 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. 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.
7. 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/financial-performance/#all_tab1 and on the website of the RTA at <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 the **RTA** 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 as under:

As per the SEBI circular dated December 9, 2020, individual shareholders holding securities in demat mode can register directly with the depository or will have the option of accessing various ESP portals directly from their demat accounts.

Shareholders are advised to update their mobile number and email Id in their demat accounts to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode/ physical mode is given below:

Type of shareholders	Login Method
<p>Individual Shareholders holding securities in demat mode with NSDL</p>	<ul style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL viz. https://eservices.nsd.com either on a personal computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be re-directed to "InstaVote" website for casting your vote during the remote e-Voting period. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com Select "Register Online for IDeAS Portal" or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a personal computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ul style="list-style-type: none"> Existing users who have opted for Easi / Easiest, can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. After successful login of Easi/Easiest the user will be able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. LINKINTIME. Click on LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration. Alternatively, the user can directly access e-Voting page by providing demat account number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. LINKINTIME. Click on LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.
<p>Individual Shareholders (holding securities in demat mode) & login through their depository participants</p>	<ul style="list-style-type: none"> You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.

Type of shareholders	Login Method
Individual Shareholders holding securities in Physical mode & e-voting service Provider is LINKINTIME.	<ol style="list-style-type: none"> Open the internet browser and launch the URL: https://instavote.linkintime.co.in Click on “Sign Up” under ‘SHARE HOLDER’ tab and register with your following details: - <ol style="list-style-type: none"> User ID: Shareholders holding shares in physical form shall provide Event No + Folio Number registered with the Company. PAN: Enter your 10-digit Permanent Account Number (PAN) (Shareholders who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable. DOB/DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format) Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company. <ul style="list-style-type: none"> 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). Click on ‘Login’ under ‘SHARE HOLDER’ tab. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on ‘Submit’. <p>Cast your vote electronically:</p> <ol style="list-style-type: none"> After successful login, you will be able to see the notification for e-voting. Select ‘View’ icon. E-voting page will appear. Refer the Resolution description and cast your vote by selecting your desired option ‘Favour / Against’ (If you wish to view the entire Resolution details, click on the ‘View Resolution’ file link). After selecting the desired option i.e. Favour / Against, 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.

Guidelines for Institutional shareholders:

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <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 authorised representative(s) in PDF format in the ‘**Custodian / Mutual Fund / Corporate Body**’ login for the Scrutinizer to verify the same.

Individual Shareholders holding securities in Physical mode & e-voting service Provider is LINK INTIME, have forgotten the password:

If an Individual Shareholders holding securities in Physical mode has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the “Forgot Password” option available on the e-Voting website of Link Intime: <https://instavote.linkintime.co.in>

- Click on ‘**Login**’ under ‘**SHARE HOLDER**’ tab and further Click ‘**forgot password?**’
- Enter **User ID**, select **Mode** and Enter Image Verification (CAPTCHA) Code and Click on ‘**Submit**’.
 - In case shareholders/ members is having valid email address, Password will be sent to his / her registered e-mail address.
 - Shareholders/ members can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.
 - 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.

User ID for Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company

Individual Shareholders holding securities in demat mode with NSDL/ CDSL have forgotten the password:

- Shareholders/ members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.
 - It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
 - During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular “Event”.

Helpdesk for Individual Shareholders holding securities in demat mode:

In case shareholders/ members holding securities in demat mode have any technical issues related to login through Depository i.e. NSDL/ CDSL, they may contact the respective helpdesk given below:

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 22-23058542-43.

Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders & e-voting service Provider is LINK INTIME.

In case shareholders/ members holding securities in physical mode/ Institutional shareholders have any queries regarding e- voting, they may refer the **Frequently Asked Questions ('FAQs')** and **InstaVote e-Voting manual** available at <https://instavote.linkintime.co.in>, under **Help** section or may contact Link Intime INSTAVOTE helpdesk by sending an email to enotices@linkintime.co.in or contact on:- Tel: 022 – 4918 6000.

Cast your vote electronically

1. After successful login through at NSDL IDeAS or CDSL Easi / Easiest and selecting Link Intime as your e-voting service provider, 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 i.e. Favour / Against as desired.

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 i.e. 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.
7. Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.

Instructions for Shareholders/ Members to Vote during the AGM 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'.
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 i.e. "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 i.e. 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.

Process and Manner for Attending the AGM 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 AGM through InstaMeet:

Shareholders who would like to speak during the meeting must register 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 Tuesday, September 27, 2022.

Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.

Shareholders will receive "speaking serial number" once they mark attendance for the meeting.

Other shareholder may ask questions to the panellist, via active chat-board during the meeting.

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.

In case shareholders/ members have any queries regarding login/ e-voting/ participating in the meeting through OAVM means, they may send an email to instameet@linkintime.co.in or contact on: - Tel: 022-49186175.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

The following explanatory statement sets out all material facts in respect of Item no. 4 and 5 of the accompanying notice:

ITEM NO. 4

Re-Appointment of Dr. Harin Kanani, as a Managing Director of the Company and to fix his remuneration:

Dr. Harin Kanani (DIN: 05136947) was appointed as a Managing Director of the Company w.e.f. July 22, 2017 for a term of 5 years ending on July 21, 2022, liable to retire by rotation.

The Board of Directors on recommendation being received from the Nomination and Remuneration Committee ("NRC") of the Company had at its meeting held on July 18, 2022, subject to the approval of the Members' of the Company, approved the re-appointment of Dr. Harin Kanani

(DIN: 05136947) as a Managing Director of the Company for a term of 5 years starting from July 22, 2022. The Company has received a notice under Section 160 from a member signifying his intention to propose the candidature of Dr. Harin Kanani at the AGM, copy of which is available on the website of the Company www.neogenchem.com

Pursuant to the recommendation of NRC, Boards approval and pursuant to the provisions of the Section 196, 197 and 203 read with Schedule V and all other applicable provisions of the Act, if any, members' approval is sought for re- appointment of Dr. Harin Kanani (DIN No. 05136947), as a Managing Director of the Company for a term of 5 years with effect from July 22, 2022, at a remuneration (total CTC) of Rs. 0.83 Crores per annum (including perquisites and incentives) effective from April 1, 2022 as mentioned in the Agreement and such other terms and conditions as approved by the Board of Directors.

The Board of Directors (hereinafter referred to as "the Board" which term shall include the NRC of the Board) shall have the authority to alter and vary the terms and conditions of the said re- appointment and / or to recommend/decide from time to time the remuneration (including annual increments, perquisites, incentives, along with the performance bonus and commission payable) to Dr. Harin Kanani, during his tenure as a Managing Director subject to the same not exceeding the then existing limits specified under Section 197, read with Schedule V of the Act (including any amendments, modifications made hereinafter in this regard) and SEBI LODR and in such manner as may be agreed to between the Board of Directors and Dr. Harin Kanani.

Brief particulars of the terms of his Re-appointment, Designation and Remuneration including minimum remuneration are set out hereunder:

1. Tenure

Five years with effect from July 22, 2022. He shall be liable to retire by rotation subject to approval of the members at this 33rd AGM.

2. Functions

Dr. Harin Kanani (DIN No. 05136947) as a Managing Director shall be responsible for various business functions of the Company including research and development, business development, growth strategy, quality control, purchase, marketing and finance. He shall also discharge such other responsibilities as may be entrusted to him by the Chairman and Managing Director and/or the Board, from time to time.

3. Remuneration

Subject to the overall limit on remuneration payable to all the managerial personnel taken together, the compensation payable to Dr. Harin Kanani (DIN No. 05136947) as a Managing Director shall comprise of three components viz. Fixed Salary & Benefits, Performance Bonus and Commission and they are mutually exclusive.

i) Fixed Salary & Benefits:

- The Fixed Salary shall be subject to deductions for income tax, contributions to provident fund, gratuity fund, superannuation fund, or annuity fund and all other statutory deductions required to be made by the Company, in accordance with applicable laws and company policies.
- The Fixed Salary is subject to annual increments, review and revision from time to time and in accordance with the policies of the Company. Any such review and revision of the Compensation shall be with the mutual agreement of the Parties and shall form part of this Agreement and shall be effective from April 1 each year, as may be approved by the NRC during his tenure as Managing Director and will be merit based and after taking into account the Managing Director's and Company's performance and will not be a matter of right, also it will be subject to the overall ceilings laid down in Section 197 read with Section 198, Schedule V and other applicable provisions of the Companies Act, 2013.
- The Managing Director shall be paid a basic salary of Rs. 0.40 Crores per annum as a basic salary for FY 2022-23.
- Other benefits: Rs. 0.36 Crores per annum as other allowances such as house rent allowance, special allowance, conveyance, medical reimbursement, education etc.

ii) Performance Bonus:

- Performance Bonus will depend upon Managing Director's consistent performance and Company's Performance. The Performance bonus, if any shall be in addition to Fixed Salary.
- The NRC will approve and recommend to the Board for approval the amount of Performance Bonus payable every year.

- Performance Bonus will be effective from April 1 each year, as may be approved by the NRC during his tenure as Managing Director and will be merit based and after taking into account the Managing Director's and Company's performance and will not be a matter of right, also it will be subject to the overall ceilings laid down in Section 197 read with Section 198, Schedule V and other applicable provisions of the Companies Act, 2013. The NRC reserves the right to grant or withhold the Performance Bonus, as it may deem fit, in its sole discretion. The Performance Bonus will be paid as per the policy of the Company and payable in the subsequent financial year subject to deduction of Tax at Source or from the effective date as may be decided by the NRC in compliance with the applicable law or Policy of the Company.
- The Performance Bonus will be due and payable after the Audited Financials of the Company have been declared.

iii) Commission:

- Managing Director would be paid a commission for Financial Year 2022-23 @ 1% of net profit calculated as per section 198 of the Act, as approved by the Board on recommendation of the NRC of the Company pursuant to the overall ceilings laid down under the provisions of Sections 197 of the Act and shall be due and payable after the adoption of Annual Accounts by the members of the Company in its ensuing general meeting.
- The Managing Director shall be paid Commission calculated with reference to the Net Profits of the Company on a yearly basis during his tenure as Managing Director, as may be approved by the NRC of the Company from time to time, subject to the overall ceilings laid down under the provisions of Sections 197 of the Companies Act, 2013 and Listing Regulations. When payable for the part of the year, the commission will be payable on pro-rata basis.
- The Commission shall be paid subject to deduction of tax at source and in compliance of applicable law.

4. Sitting Fees: Dr. Harin Kanani shall not be paid any sitting fee for attending meeting of the Board or Committee(s) thereof.

5. Perquisites and other benefits:

- Medical Insurance and Medical expenses including Personal accidental and life insurance coverage for self and dependents as per Company policy.
- The Company may take Key Man Insurance, or any other insurance policy as may be required from time to time.
- Company shall take D & O Policy with the coverage as may be decided by the NRC.
- Reimbursement of expenses incurred for travelling, boarding and lodging during business trips in accordance with the policy of the Company.
- The Company may provide residential accommodation with water and electricity or pay house rent allowance as per its policy.
- The Company shall provide for car driver wages, fuel and maintenance to be used for Company's business as per its policy.
- Reimbursement of phones, internet and other communication expenses at actuals as per the policy of the Company.
- Re-imbusement of entertainment and other expenses actually and properly incurred for the business of the Company as well as other expenses incurred in the performance of duties on behalf of the Company.
- Leave encashment as per the Company Rules.
- All other perquisites as per Company's policy which Managing Director is entitled to receive.

Perquisites and allowances shall be evaluated as per the Income Tax Rules, 1961, wherever applicable and in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

- Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- For the Provident Fund, the contribution will be payable as per the provisions of The Employees' Provident Funds & Miscellaneous Provisions Act, 1952 as amended from time to time.
- For the purposes of Gratuity, Provident Fund and other like benefits, the service of the Managing Director will be considered continuous service with the Company and change of designation or renewal of appointment will not be considered as any break in service.

6. Remuneration for a part of the Year

Remuneration for a part of the year shall be computed on pro-rata basis.

7. Minimum Remuneration

In the event of absence or inadequacy of profits in any financial year, the remuneration payable to Dr. Harin Kanani as a Managing Director shall be decided by the NRC and approved by the Board subject to the provisions of Companies Act, 2013 and such other approvals, if any, as may be required.

8. Termination

The agreement for appointment of Dr. Harin Kanani as a Managing Director may be terminated by either party giving to the other 90 days' prior notice in writing. In the event of termination of this appointment of Dr. Harin Kanani as a Managing Director by the Company, he shall be entitled to receive compensation in accordance with the provisions of the Act or any statutory amendment or re-enactment thereof.

All Personnel Policies of the Company and the related rules which are applicable to other employees of the Company shall also be applicable to the Managing Director, unless specifically provided otherwise

The information required by the Listing Regulations with the Stock Exchanges is given below:

Dr. Harin Kanani is a Managing Director of the Company and is now proposed to be re-appointed as a Managing Director of the Company for a further term of 5 years starting from July 22, 2022. He heads various business divisions of the Company including research and development, business development, growth strategy, 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. He has served as a research fellow at the University of Maryland, U.S.A, 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.

Dr. Harin Kanani, a promoter shareholder holds 20,00,000 shares constituting 8.02% of the paid up equity capital of the Company. Dr. Harin Kanani is a member of Audit Committee, Stakeholders Relationship Committee and Risk Management Committee of the Company.

Directorship in other Public Companies	membership in other companies
N.A.	N.A.

Disclosure as required under Secretarial Standard 2 on General Meetings read with SEBI LODR are provided as an Annexure to the Notice.

The Company has received from Dr. Harin Kanani consent in writing to act as a Managing Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014, intimation in Form DIR-8 to the effect that he is not disqualified in accordance with subsection (2) of Section 164 of the Act, declaration pursuant to Part I of Schedule V and a declaration that he has not been debarred from holding office of a Director by virtue of any Order passed by SEBI or any other such authority.

Dr. Harin Kanani, being the appointee and his relatives are/may be interested/ deemed to be interested in the resolution set out at Item No. 4 of the Notice. None of the other Directors, Managers, Key Managerial Personnel and/ or relatives of such directors, managers, Key Managerial Personnel of the Company are interested directly / indirectly in the resolution except directors to the extent of their Directorship and members to the extent of their membership in the Company.

An agreement entered into by and between the Company and Dr. Harin Kanani dated July 18, 2022 will be open for inspection by members at the Registered Office of the Company on all working days between 11.00 a.m. and 4.00 p.m. up to the date of the 33rd AGM.

Approval of the members is sought for re-appointment of Dr. Harin Kanani, as a Managing Director of the company for a term of 5 years with effect from July 22, 2022, liable to retire by rotation and to fix his remuneration in terms of Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Act and on terms and conditions as mentioned above.

In view of the above, the Board of Directors recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval of the members.

ITEM NO. 5

Ratification of Remuneration Payable to Cost Auditor:

The Board has on recommendation of the Audit Committee, at its meeting held on May 14, 2022, approved the appointment and remuneration of 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, 2023 at a remuneration of Rs. 3,00,000 (Rupees Three lakhs) plus GST and out of pocket expenses, if any.

In terms of the provisions of Section 148 (3) of the Companies Act, 2013 (**"the Act"**) read with Rule 14 (a) (ii) of The Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be approved by the Board and subsequently ratified 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. 5 of the accompanying notice, for ratification of the

remuneration payable to the Cost Auditor for the financial year ending March 31, 2023.

The Board recommends the Ordinary Resolution as set out at Item No. 5 of the accompanying Notice for the approval by the Members.

None of the Directors/Key Managerial Personnel of the Company or their respective relatives are is/are in any way concerned or interested in the said resolution.

By order of the Board
For **Neogen Chemicals Limited**

Unnati Kanani

Company Secretary &

Compliance Officer

Membership No.: A35131

Place: Thane

Date: August 6, 2022

Pursuant to Regulation 36 of Listing Regulations and Secretarial Standard–2 (SS-2) issued by the ICSI, details of Directors seeking appointment/re-appointment at this 33rd AGM are as follows:

Name of Director	Dr. Harin Kanani	Shyamsunder Upadhyay
Designation	Managing Director	Whole Time Director
DIN	05136947	07274873
Date of Birth	October 18, 1976	September 30, 1953
Age	45 Years	68 years
Nationality	Indian	Indian
Original Date of Appointment	July 15, 2013	July 27, 2015
Qualification	Ph.D. Chemical and Biomolecular Engineering	Master's degree in Science from Vikram University, Ujjain
Experience	Approx. 22 years	Approx. 44 year
Expertise in specific Professional areas	Dr. Harin Kanani is a Managing Director of the Company. He heads various business divisions of the Company including research and development, business development, growth strategy, 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. He has served as a research fellow at the University of Maryland, U.S.A, 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.	Shyamsunder Upadhyay 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 44 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 Pharmalabs Limited and Laxmi Organic Industries Limited.
Terms and conditions of Appointment/ Reappointment	Re-appointment as a Managing Director of the Company, liable to retire by rotation, for a further term of 5 years starting from July 22, 2022.	Appointment as a Whole Time Director liable to retire by rotation.
Remuneration Proposed to be paid	As per Agreement	As per Agreement
No. of Shares held in the Company	20,00,000	80
List of Directorship held in other listed companies	Not Applicable	Not Applicable
List of Chairmanship and Membership of Various committees in listed companies (Including Neogen Chemicals Limited)	<p>1) Neogen Chemicals Limited: He is a member of Audit Committee, Stakeholder Relationship Committee and Risk Management Committee of Neogen Chemicals Limited</p> <p>Dr. Harin Kanani is not acting as a Chairman in any of the committees of Neogen or any other listed company.</p>	<p>1) Neogen Chemicals Limited: He is a member of Stakeholders Relationship committee.</p> <p>Shyamsunder Upadhyay is not acting as a Chairman in any of the committees of Neogen or any other listed company.</p>
Relationship with other directors and key managerial personnel of the Company	Son of Mr. Haridas Kanani, Chairman and Managing Director of the Company.	Not Applicable

For other details such as number of meetings of the board attended during the year and remuneration drawn, please refer to the corporate governance report which is a part of this Annual Report.



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