

Directors' Report

To,
The Members,

Your Directors have pleasure in presenting their 30th (Thirtieth) Annual Report on the business and operations of the Company and the Audited Financial Statements for the Year ended 31st March, 2019.

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

(Rs. in Lakhs)

Particulars	Standalone		Consolidated	
	2018 - 19	2017 - 18	2018 - 19	2017 - 18
Revenue including other income*	23,975.78	16,481.66	23,966.82	16,471.36
Total Expenses	21,041.38	14,728.84	21,041.38	14,728.84
Profit Before Tax	2,934.40	1,752.82	2,925.43	1,742.52
Provision for Taxation	750.00	647.70	750.00	608.00
Deferred Tax Liability	80.74	36.06	80.74	36.06
Profit After Tax	2,103.67	1,069.05	2,094.69	1,098.45
Other Comprehensive Income	10.20	3.51	10.20	3.51
Total Comprehensive Income	2,113.86	1,072.56	2104.89	1,101.96

* Revenue from Operations for the year 2017-2018 was inclusive of excise duty Rs. 285.91 Lakhs and share of profit on investment, before introduction of Goods and Service Tax (GST) effective from 1st July, 2017 accordingly the revenue from operations is strictly not comparable.

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

The Company reported a standalone total revenue of Rs. 23,975.78 Lakhs and consolidated total revenue of Rs. 23,956.52 Lakhs in Financial Year 2019 as compare to Standalone revenue of Rs. 16,481.66 Lakhs and consolidated revenue of Rs. 16,471.36 Lakhs in the previous year thereby registered growth of 45.47% for standalone and 45.51% for consolidated over the previous year. The standalone and consolidated Profit Before Tax (PBT) were Rs. 2,934.40 and Rs. 2,925.43 as compare to Rs. 1,752.82 and Rs. 1,742.52 respectively over the previous year. The standalone and consolidated Profit After Tax (PAT) stood at Rs.2,103.67 and Rs.2,094.69 as compare to Rs.1,069.05 and Rs.1,098.45 over the previous year.

3. Change in the nature of business:

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

4. Dividend:

4A. Preference Shares:

The Directors of the Company has declared and paid Preference Dividend to Fully Redeemable

Cumulative Preference shares of Rs.1,04,86,000 and Dividend Distribution Tax of Rs. 21,45,221/- during the Financial Year

1. On 30th June, 2018 Rs. 4.85 per share amounting to Rs. 51,99,907/-
2. On 31st December, 2018 Rs. 4.94 per share amounting to Rs.52,86,093/-

The Directors of the Company has declared and paid Preference Dividend to Optionally Convertible Preference shares of Rs. 6,50,000/- on 30th September, 2018 at Rs. 10/- per share.

4B. Equity Shares:

For the financial year 2018-19 based on performance of the company, the board pleased to recommend the final dividend of Rs. 150/- (Rupees One & Fifty Paise) per equity share.

5. Reserves

The Board transferred amount of Rs. 34.67 Lakhs to General Reserves for the financial year under review.

6. Share Capital

Particulars	Opening Balance as on 1 st April 2018	Closing Balance as on 31 st March 2019
Equity shares:		
- Number of shares	2,00,00,000	20,078,793
- Amount (in Rs.)	20,00,00,000	200,787,930
10% Cumulative Optionally Convertible Preference Shares#:		
- Number of shares	1,30,000	*NIL
- Amount (in Rs.)	1,30,00,000	*NIL
9.8 % Fully Redeemable Cumulative Preference Shares#:		
- Number of shares	10,70,000	1,070,000
- Amount (in Rs.)	10,70,00,000	107,000,000

* The Company has made Allotment of 78,793 Fully Paid Equity Shares of Rs. 10/- each on Conversion of 1,30,000 Optionally Convertible Preference Shares of Rs. 100/- each at Board meeting held on 8th September, 2018.

Considered as borrowings under Ind AS 109 and hence now shown as share capital in Financial Statement.

a. Buy Back of Securities

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

b. Sweat Equity

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

c. Bonus Shares

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

d. Issue of Shares with Differential Rights

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

7. Board of Directors and Key Managerial Personnel:

The present directors of the Company are:

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

Re-appointment of Independent Directors:

Pursuant to provisions of Section 149(10) of the Companies Act, 2013, the Independent Directors viz. Mr. Hitesh Reshamwala and Mr. Sanjay Mehta have been reappointed, subject to approval of members, as an Independent Directors for the second term of five (5) years commencing from 1st October, 2019 to 30th September, 2024. The detailed performance evaluation of Independent Directors was carried by the Board before recommending their reappointment to the shareholders.

During the year under review Dr. Ranjan Kumar Malik, was appointed as an Additional Independent Director and Ms. Avi Sabavala was appointed as an Additional Independent Woman Director of the Company w. e. f. 6th October, 2018.

The appointment of Dr. Ranjan Kumar Malik and Ms. Avi Sabavala were regularised and appointed as Independent Directors of the Company at the Extra Ordinary General Meeting held on 16th October, 2018.

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

Retirement by Rotation:

As per the provisions of Section 152 of the Companies Act, 2013, not less than two-third of the total number of Directors, other than Independent Directors shall be liable to retire by rotation. One-third of these Directors are required to retire every year and if eligible, these Directors qualify for reappointment. At the ensuing AGM, Mr. Anurag Surana (DIN: 00006665), Non-Executive and Non-Independent Director, retires by rotation and being eligible, offers himself for reappointment.

A detailed profile of Mr. Anurag Surana 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 Notice of the AGM.

Key Managerial Personnel

The Company has appointed Mr. Mahesh Tanna as Chief Financial Officer of the Company w. e. f. 27th August 2018.

The Company has appointed Mr. Lalit Karne as Company Secretary with effect from 19th July, 2018.

8. Particulars of Employees

The information required under Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as "Annexure 1" to this report. The Statement containing particulars of employees as required under Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, will be provided upon request. In terms of Section 136 of the Companies Act, 2013, the Report and accounts are being sent to the members and others entitled thereto, excluding the information on employees particulars which is available for inspection by the member at the Registered Office of the Company during business hours on all working days excluding Sunday and National Holidays upto the 30th AGM. If any member interested in obtaining a copy thereof, such member may write to the Company Secretary in this regards.

9. Meetings:

Board Meetings:

The Board of Directors met 15 times i.e. on 14th April, 2018, 3rd May, 2018, 2nd July, 2018, 19th July, 2018, 28th August, 2018, 1st September, 2018, 8th September, 2018, 21st September, 2018, 6th October, 2018, 16th October, 2018, 31st October, 2018, 5th November, 2018, 26th November, 2018, 9th February, 2019 and 26th March, 2019 during the financial year under review.

Audit Committee Meetings:

The Audit Committee met 5 times during the year i.e. on 3rd May, 2018, 21st September, 2018, 16th October, 2018, 31st October, 2018 and 26th March, 2019.

Nomination and Remuneration Committee Meetings:

The Nomination and Remuneration Committee met 4 times during the year i.e. on 3rd May, 2018, 19th July, 2018, 6th October, 2018 and 16th October, 2018.

CSR Committee Meeting:

The CSR committee met 1 time during the year i.e. on 9th February, 2019.

Annual Evaluation by the Board:

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

The performance evaluation of the Independent Directors were carried out by the entire Board, excluding Directors being evaluated. Independent Directors were evaluated based on parameter such as qualification, experience, knowledge and competency. 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.

Familiarisation programme for Independent Directors

Pursuant to provisions of Regulation 25 of the Listing Regulations, the Company has formulated a programme for familiarizing the Independent Directors, their roles, rights, responsibilities under

the act and regulations, nature of the industry in which company operates, current business model of the Company, etc. through various initiatives. The details of aforementioned programme is available on company's website at www.neogenchem.com.

10. Details of Subsidiary/Joint Ventures/ Associate Companies:

The Company does not have a subsidiary, any associate Company Or a holding Company. The Company holds 90% of the capital contribution in a partnership firm M/s. Dhara Fine. Consolidated Financial Statements of the Company have been prepared in accordance with relevant Accounting Standards issued by the Institute of Chartered Accountants of India forming part of this report. In accordance with Section 136 of the Companies Act, 2013, the Audited Financial Statements, including Consolidated Financial Statements and related information are available on Company's website at www.neogenchem.com. These documents are also available for inspection by the Members at the Registered office of the Company during business hours on all working days except Sunday and National Holidays up to the date of forthcoming AGM of the Company.

11. Auditors:

Statutory Auditors

Members of the Company at the AGM held on 30th September, 2014, approved the appointment of M/s. JMT & Associates, Chartered Accountants (Firm Registration No. 104167W), as a Statutory Auditors for the period of five years till the conclusion of Annual General meeting to be held for the financial year ended 31st March 2019. The Board of Directors, in their meeting held on 25th May, 2019, approved the reappointment of JMT & Associates, as Statutory Auditors for the further period of 5 consecutive years from the conclusion of ensuing AGM till the conclusion of 34th AGM, subject to approval of Members in ensuing Annual General Meeting of the Company.

M/s. JMT & Associates, have expressed their willingness to get appointed and have confirmed that the appointment if made, would be within the limit specified under Section 141(3)(g) of the Act and they are not disqualified to be reappointed as a Statutory Auditors in terms of provisions of Section 139 and 141 of the Act and the Companies (Audit and Auditors) Rules, 2015. As required under Regulation 33(1)(d) of Listing Regulations, M/s. JMT & Associates, have

confirmed that they hold a valid certificate issued by Peer Review Board of the Institute of Chartered Accountants of India.

Based on the recommendation of the Audit Committee at its meeting held on 25th May, 2019, Board of Directors seek approval of the Members of the Company for reappointment of M/s. JMT & Associates, Chartered Accountants (Firm Registration No. 104167W) as a Statutory Auditors of the Company for the period of 5 consecutive years from the conclusion of this AGM till the conclusion of 34th AGM.

Statutory Auditors report

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

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014, as amended, the Company has appointed DVD and Associates, Company Secretaries in Practice, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as "Annexure- 2" to this Report.

Cost Audit

M/s. Y.R Doshi & Associates, Cost Accountants, (Firm Registration No. 000286), were appointed as Cost Auditor of the Company for Financial Year 2018-19 as per the provisions of Companies Act, 2013.

Reporting of Frauds:

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

12. Management Discussion and Analysis Report

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

13. Risk management policy

In terms of the requirement of the Act, the Company has developed and implemented the Risk Management Policy and the same is reviewed periodically by the Board of Directors. Salient features of the policy are as under:-

- Neogen Chemicals Limited is committed to the identification and comprehensive management of risk.
- Risk is the effect of uncertainty on Neogen Chemicals Limited objectives and is inherent in our business. Risk management allows us to prevent losses or capitalize on opportunities.
- Understanding risk and our appetite for risk will be key considerations in our decision making.
- We aim to achieve a risk management culture through a series of risk management principles and policies.

14. Vigil Mechanism/Whistle- Blower Policy:

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

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

Nomination and Remuneration Policy:

The Board of Directors, on the recommendation of Nomination and Remuneration Committee, framed a policy for selection and appointment of Directors, Senior Management and to develop and recommend the Board a set of Corporate Governance Guidelines.

15. Extract of annual return:

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

16. Declaration by Independent Directors

The Independent Directors of the Company have submitted declaration of independence confirming that they meet the criteria of independence under Section 149(6) of the Companies Act, 2013 and Listing Regulation.

17. 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

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

The 10,70,000, 9.8% Fully Redeemable Cumulative Preference shares were redeemed in full out of the proceeds of fresh issue of Equity Shares.

18. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

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

19. 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.

20. Deposits

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

21. Particulars of loans, guarantees or investments under section 186

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

22. Particulars of contracts or arrangements with related parties:

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

The object of policy is to ensure proper approval, disclosure and reporting of transactions as applicable between the Company and any of its related parties. The Related Party Transactions are as mentioned in Notes to Accounts. All transactions are in Ordinary Course of business and are at arm's length. No material contracts or arrangements with related parties were entered into during the year under review. Therefore, there is no requirement to report any transaction in form AOC-2 in terms of Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rule, 2014.

23. Obligation of the company under the sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013

In order to prevent sexual harassment of women at work place a new act The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified on 9th December, 2013. Under the said Act every company is required to set up an Internal Complaints Committee to look into complaints relating to sexual harassment at work place of any women employee.

Company has adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up Committee for implementation of said policy. During the year Company has not received any complaint of harassment.

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

The disclosure of particulars with respect to Conservation of Energy, Technology Absorption, and Foreign Exchange Earnings and Outgo as required under Sub-section (3)(m) of Section 134 of the Companies Act, 2013 read with Rule 8 (3) Companies (Accounts) Rules, 2014 is enclosed herewith as "Annexure 4" to this Board's Report.

25. Corporate Social Responsibility (CSR)

In accordance with the requirements of the provisions of Section 135 of the Companies Act,

2013, the Company has constituted CSR Committee. The Company has also formulated a CSR Policy which is available on Company's website at <https://neogenchem.com/company-policy/>.

During the year under review, in compliance with the provisions of Section 135 of the Companies Act, 2013, the Companies (Corporate Social Responsibility) Rules, 2014 and the various notifications/circulars issued by the Ministry of Corporate Affairs, the Company has contributed an amount of Rs. 27.25 Lakhs to various organisations engaged in activities specified in Schedule VII of the Companies Act, 2013. The Salient features of the CSR policy along with the Report on CSR activities are given in "Annexure- 5" to this Directors' Report.

26. Directors' Responsibility Statement

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

- a) in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March, 2019 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.

27. Transfer of Amounts to Investor Education and Protection Fund

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

28. Corporate Governance Report and 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 received from DVD and Associate, Practising Company Secretary, forms part of this Annual Report and attached herewith "Annexure -6"

29. Compliance of Secretarial Standard of ICSI

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

30. Listing Agreement

In Compliance with SEBI Circular No. CIR/CFD/CMD/6/2015 dated 13th October, 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 8th May, 2019. The Company has paid Annual Listing Fees to both the Stock Exchanges.

31. Prohibition of Insider Trading

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

32. Committees of the board

In order to strengthen its functioning, the Board of Directors has constituted the following Committees as per the requirements of Companies Act, 2013 and the Listing Regulations:

- Audit Committee (Reconstituted on 16th October, 2018)
- Nomination and Remuneration Committee; (Reconstituted on 16th October, 2018)
- Stakeholders' Relationship Committee; (Constituted on 16th October, 2018)
- Corporate Social Responsibility Committee; (Reconstituted on 16th October, 2018)

Details of the Committees along with their charter, composition and meetings held during the year, are provided in the Corporate Governance Report which forms part of this Annual Report.

33. Acknowledgements

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

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

Haridas Kanani

Place: Thane

Chairman and Managing Director

Date: 9th August, 2019

DIN: 00185487