

# Report on Corporate Governance

## 1. Company's Philosophy on Code of Corporate Governance

Your Company's corporate governance philosophy strives to enhance stakeholders' value as a whole. It is based on principles such as conducting the business with all integrity and fairness, being transparent with regard to all transactions, making all the necessary disclosures and decisions, complying with all the laws of the land, accountability and responsibility towards the stakeholders and commitment to conducting business in an ethical manner.

Your Company's Corporate Governance standards demonstrate inalienable rights vested with various stakeholders and strong commitment to values, ethics and business conduct. It always strives and upholds to manufacture high quality products, provide reliable services to customers through ethical practices, integrity in operations and financial management, and to generate consistent returns to members on a sustainable and long-term basis and ensure accuracy and transparency in financial reporting. As one of the oldest players in the regulated markets for APIs, your Company has established a credible track record with various agencies such as the USFDA, PMDA, etc., as reliable manufacturer of active ingredients. In order to do

so, your Company has provided transparency par excellence to these agencies and our customers to whom we supply our products so that we have their trust and commitment. We will strive to create the same kind of transparency in all our stakeholder relationships.

### Board of Directors

As at March 31, 2023, in accordance with the Corporate Governance norms, the Company's Board of Directors headed by its Executive Chairman, Dr. Davuluri Rama Mohan Rao comprised of ten directors, out of which six are non-Executive Independent Directors including two women directors. The directors of the Company do not serve as Independent Director in more than seven listed Companies or in case he/she is serving as a whole-time director in any listed Company, does not hold such position in more than three listed Companies, in compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations).

The table below provides the information of the Board of Directors required under Regulation 17 of the SEBI Listing Regulations, as at March 31, 2023:

Name of the Directors	Category	No. of directorships held in other companies <sup>3</sup>	Names of the Listed companies holding directorship & category of such directorship held	Number of committee membership held in other companies <sup>2</sup>	Among the committee memberships held in other companies, number of chairmanships held	No. of Board Meetings attended	Attendance at the last AGM
Dr. Davuluri Rama Mohan Rao <sup>1</sup> DIN : 00107737		2	1. Neuland Laboratories Limited (Executive Director)	-	-	6	Yes
Mr. Davuluri Sucheth Rao <sup>1</sup> DIN : 00108880	Non-Independent, Executive,	2	1. Neuland Laboratories Limited (Executive Director)	-	-	6	Yes
Mr. Davuluri Saharsh Rao <sup>1</sup> DIN : 02753145	Promoter	1	1. Neuland Laboratories Limited (Executive Director)	-	-	6	Yes
Dr. Christopher M. Cimarusti DIN : 02872948	Non-Independent, Non-Executive	-	1. Neuland Laboratories Limited (Non-Executive Non-Independent Director)	-	-	5	Yes

Name of the Directors	Category	No. of directorships held in other companies <sup>3</sup>	Names of the Listed companies holding directorship & category of such directorship held	Number of committee membership held in other companies <sup>2</sup>	Among the committee memberships held in other companies, number of chairmanships held	No. of Board Meetings attended	Attendance at the last AGM
Mr. Humayun Dhanrajgir DIN: 00004006		4	1. Neuland Laboratories Limited (Non-Executive Independent Director)	-	-	1	No
Mr. Parampally Vasudeva Maiya DIN: 00195847		1	1. Neuland Laboratories Limited (Non-Executive Independent Director)	-	-	6	Yes
Mrs. Bharati Rao DIN: 01892516		4	1. Neuland Laboratories Limited (Non-Executive Independent Director) 2. Suprajit Engineering Limited (Non-Executive Independent Director)	4	2	6	Yes
Dr. Nirmala Murthy DIN: 00734866	Independent, Non-Executive	-	1. Neuland Laboratories Limited (Non-Executive Independent Director)	-	-	6	Yes
Mr. Homi Rustam Khusrokhan DIN:00005085		3	1. Neuland Laboratories Limited (Non-Executive Independent Director) 2. Strides Pharma Science Limited (Non-Executive Independent Director)	2	1	6	Yes
Mr. Prasad Raghava Menon <sup>4</sup> DIN:00005085		2	1. Neuland Laboratories Limited (Non-Executive Independent Director) 2. Data Patterns (India) Limited (Non-Executive Independent Director) 3. Chemplast Sanmar Limited (Non-Executive Independent Director)	2	-	4	NA

<sup>1</sup> Dr. Davuluri Rama Mohan Rao, Mr. Davuluri Sucheth Rao and Mr. Davuluri Saharsh Rao are related to each other

<sup>2</sup> Only Membership / Chairmanship in Audit and Stakeholders Relationship Committee are considered

<sup>3</sup> Includes directorship in Private Limited companies; excludes directorship in Foreign Companies

<sup>4</sup> Appointed as an Independent Director with effect from October 31, 2022

### Selection criteria of Board Members

The Nomination and Remuneration Committee in accordance with the Company's Policy for determining the qualifications, positive attributes and independence of director and the requirements of the skill-set on the Board considers eminent persons having an independent standing in their respective field and who can effectively contribute to the Company's business, for appointment of new directors on the Board. The Policy for determining the qualifications, positive attributes and independence of director is available on the website of the Company at <https://www.neulandlabs.com/wp-content/uploads/2017/09/Criteria-for-Determining-Qualifications-Positive-Attributes-and-Independence-of-a-Director.pdf>.

The Nomination and Remuneration Committee works with the Board to determine the appropriate characteristics, skills and experience required for the Board as a whole and for individual member. The Company has adopted guidelines on selection criteria of Board members, which

is available on the website of the Company at <https://www.neulandlabs.com/wp-content/uploads/2017/09/Criteria-for-Determining-Qualifications-Positive-Attributes-and-Independence-of-a-Director.pdf>

### Independent Directors

Your Company's Independent Directors are renowned people having expertise/experience in their respective field/profession. None of the Independent Directors are Promoters or related to Promoters. They do not have pecuniary relationship with the Company and further do not hold two percent or more of the total voting power of the Company. None of the Independent Directors of the Company is a non-Independent Director of another Company on the Board of which any non-Independent Director of the listed entity is an Independent Director.

In the opinion of the Board, all the Independent Directors fulfil the conditions specified in the Companies Act, 2013 (the Act),

including amendments thereunder, SEBI Listing Regulations and are independent of the management.

Pursuant to Section 150 of the Act, read with of Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 your Company's Independent Directors have registered themselves on the portal of "Indian Institute of Corporate Affairs" as Independent Director, within the prescribed timelines.

#### **Familiarization Program of Independent Directors**

The Independent Directors of the Company are eminent personalities having wide experience in the field of business, education, banking, finance, industry, research & development and administration. Their presence on the Board has been advantageous and fruitful in taking business decisions. The directors appointed by the Board are given induction and orientation with respect to the Company's vision, strategic direction, core values, including ethics, corporate governance practices, financial matters and business operations on a one-to-one basis. Mr. Prasad Raghav Menon, Independent Director, visited the manufacturing facilities of the Company, had meetings with the whole-time directors and senior management for an overview of the operations of the Units and understanding the Company's business.

Periodic presentations are made by Senior Management, Statutory and Internal Auditors at the Board/Committee meetings on business and performance updates of the Company, global business environment, business risks and its mitigation strategy, impact of regulatory changes on strategy, environmental, social and governance matters, etc. Updates on relevant statutory changes encompassing important laws are regularly intimated to the Independent Directors.

The Company has a familiarisation programme for Independent Directors with regard to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business models of the Company etc., and the same is available on the website of the Company at <https://www.neulandlabs.com/wp-content/uploads/2022/08/Familiarization-Programme-for-Independent-Directors.pdf>.

#### **Codes / Policies**

The Company has various codes and policies in place to carry out the business and ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Some of the codes and policies are:

- Code of Business Conduct and Ethics
- Code of Conduct for Board Members and Senior Management Personnel

- Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and their Immediate relatives
- Policy for determining the qualifications, positive attributes and independence of director
- Terms of appointment of Independent Directors
- Vigil Mechanism / Whistle Blower Policy
- Development and Succession Planning
- Guidelines for Evaluation of Board and Committees
- Policy for determining Material Subsidiaries
- Related Party Transaction Policy
- Material Events Policy
- Preservation of Documents Policy
- Dividend Distribution Policy
- Corporate Social Responsibility Policy
- Nomination and Remuneration Policy including Board Diversity
- Risk Management Policy

#### **Board Meetings held during the financial year ended March 31, 2023**

A calendar of meetings is prepared and circulated in advance to the directors. During the year, the Board met six times on May 10, 2022, August 3, 2022, November 10, 2022, November 23, 2022, February 13, 2023 and February 14, 2023. The maximum gap between any two Board Meetings was less than one hundred and twenty days. All material information was circulated to the directors before the meeting or placed at the meeting, including minimum information required to be made available to the Board under the SEBI Listing Regulations.

#### **Meeting of Independent Directors**

During the year under review, a separate meeting of the Independent Directors of the Company was held on February 14, 2023, without the attendance of non-Independent Directors and members of the management. The whole-time directors provide response on the action taken on the guidance received from the Independent Directors to the Board members.

The Company has proper systems to enable the Board to periodically review compliance reports of all laws applicable to the Company, as prepared by the Company as well as steps taken by the Company to rectify instances of delayed or non-compliances, if any.

### Non-Executive Directors' compensation and disclosures

The commission to the non-Executive Directors (including Independent Directors) is decided by the Board in accordance with the approval of the members in a General Meeting, and the sitting fee and commission are within the limits prescribed under the Companies Act, 2013.

### Board skills / expertise / competencies

Your Board aims to be comprised of directors with the appropriate mix of skills, experience, expertise and diversity relevant to the Company's business and the Board's responsibilities. The skills matrix adopted by the Board vis-à-vis the skills/expertise/competencies of respective directors are as under:

### Board Competency Matrix

Board of Directors	Industry expertise (Pharmaceutical Industry / Chemical Manufacturing and Development)	Executive leadership and Board experience	Expertise in financial matters	Corporate Governance	Strategy & Risk Management	Health, safety, environment and sustainability	Information Technology & Digital	M&A/ Capital Markets	Sales, Marketing and Market Strategy
Dr. Davuluri Rama Mohan Rao	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Davuluri Sucheth Rao	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Davuluri Saharsh Rao	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Humayun Dhanrajgir	✓	✓	✓	✓	✓	✓	-	-	✓
Mr. Paramally Vasudeva Maiya	-	✓	✓	✓	✓	-	✓	✓	✓
Dr. Christopher M. Cimarusti	✓	✓	-	✓	✓	✓	-	-	-
Mrs. Bharati Rao	-	✓	✓	✓	✓	✓	-	✓	-
Dr. Nirmala Murthy	-	✓	-	-	✓	✓	✓	-	-
Mr. Homi Rustam Khusrokhhan	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Prasad Raghava Menon	✓	✓	✓	✓	✓	✓	✓	-	-

The current composition of your Company's Board includes directors with core industry experience and has the key skills and experience as set out above. There are further disclosures in the directors' biographies on pages 32 to 35 which outline the extensive leadership, governance, strategy and financial experience of the members of the Board, which are considered appropriate for the Company's circumstances.

## 2. Committees of the Board

### a. Audit Committee

The terms of reference of the Audit Committee cover the areas as contemplated under Section 177 of the Act and Regulation 18 of the SEBI Listing Regulations, besides other terms as referred by the Board of Directors. The terms of reference include:

- Oversight 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;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the listed Company;
- Approval of payment to statutory auditors for any other services rendered by statutory auditors;
- Reviewing with management, the annual financial statements and auditor's report thereon

before submission to the Board for approval, focusing primarily on:

- matters required to be included in the Directors Responsibility Statement to be included in the Directors Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
- changes, if any, in accounting policies and practices and reasons for the same;
- major accounting entries involving estimates based on the exercise of judgement by management;
- significant adjustments made in the financial statements arising out of audit findings;
- compliance with listing and other legal requirements concerning financial statements;
- disclosure of any related party transactions; and

- vii. Modified opinion(s) in draft audit report.
  - e. Reviewing with the management, the quarterly financial statements before submission to the Board for approval;
  - f. Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc), the statement of funds utilized for purpose other than those stated in the offer 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 this matter;
  - g. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
  - h. Approval of any subsequent modification of transactions of the Company with related parties;
  - i. Scrutiny of inter-corporate loans and investments;
  - j. Valuation of undertakings or assets of the Company, wherever it is necessary;
  - k. Evaluation of internal financial controls and risk management systems;
  - l. Reviewing with the management, performance of statutory and internal auditors, the adequacy and compliance of internal control systems;
  - m. 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;
  - n. Discussion with internal auditors any significant findings and follow up thereon;
  - o. Reviewing the findings of 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;
  - p. Discussion with statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  - q. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, members (in case of non-payment of declared dividends) and creditors;
  - r. Approval of appointment of Chief Financial Officer (i.e., 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;
  - s. Authority to investigate into any matter in relation to the items specified in sub-section (4) of Section 177 of the Companies Act 2013 or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the Company;
  - t. Appointment of registered valuers;
  - u. Reviewing the reports/certificates placed before it, as mandated by the statutory authorities or as required under policies framed by the Company from time to time;
  - v. Ascertaining and ensuring that the Company has an adequate and functional vigil mechanism and for ensuring that the interest of a person, who uses such a mechanism, are not prejudicially affected on account of such use, as and when applicable and reviewing the functioning of whistle blower mechanism;
  - w. Review compliance with provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, and verify that the internal controls systems for ensuring compliance with these regulations are adequate and effective; and
  - x. Any other matters/authorities/responsibilities/ powers assigned as per Companies Act 2013 and Rules made thereunder, as amended from time to time.
- The Audit Committee mandatorily reviews information including internal audit reports related to internal control weakness, management discussion and analysis of financial condition and results of operations, statement of significant related party transactions, the reports and certificates placed before it including statutory compliance reports, appointment and removal of the auditors and such other matters as prescribed from time to time.

The Audit Committee presently comprises of four Independent Directors and one Whole Time Director and the Chairman of the Audit Committee is an Independent Director. All members of the Audit Committee are financially literate, and majority of the members have related financial management expertise by virtue of their experience and background.

During the year, the Committee met five times on May 10, 2022, August 3, 2022, November 10, 2022, November 23, 2022 and February 13, 2023:

Name of Member	Meetings held during the Year	Meetings attended
Mr. Homi Rustam Khusrokhan, Chairperson	5	5
Mr. Humayun Dhanrajgir, Member	5	1
Mrs. Bharati Rao, Member	5	5
Mr. Davuluri Sucheth Rao, Member	5	5
Dr. Nirmala Murthy, Member	5	5

The maximum gap between any two meetings was less than one hundred and twenty days. The Company Secretary acts as the Secretary of the Audit Committee. The Executive Chairman, Whole Time Director, the Statutory Auditor, the Internal Auditor and other Independent Directors of the Company are also invited to the meetings of the Audit Committee.

#### b. Nomination and Remuneration Committee

The terms of reference of the Nomination and Remuneration Committee covers the areas as contemplated under Section 178 of the Act and Regulation 19 of SEBI Listing Regulations, besides other terms as referred by the Board of Directors and include formulation of criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees; formulation of criteria for evaluation of Independent Directors and the Board; devising a policy on diversity of Board of Directors; identification of 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, removal and noting their cessation; recommending to the Board on extension or continuation of the terms of appointment of the Independent Directors; administering employee stock option schemes of the Company, if any; and carrying out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable.

The Nomination and Remuneration Committee consists of four non-Executive Independent Directors. During the year, the Committee met thrice on May 10, 2022, August 2, 2022 and October 26, 2022:

Name of Director	Meetings held during the Year	Meetings attended
Mr. Parampally Vasudeva Maiya, Chairperson	3	3
Mr. Humayun Dhanrajgir, Member	3	1
Mrs. Bharati Rao, Member	3	3
Mr. Homi Rustam Khusrokhan, Member*	3	3

\* Appointed as a member of the Committee with effect from April 12, 2022.

#### Performance Evaluation

The Company has put in place an evaluation framework for evaluation of the Board, its Committees, Directors and the Chairman. The evaluation of the Board, its Committees, Directors and Chairman were undertaken through circulation of questionnaires. The questionnaires were based on select parameters such as frequency of meetings, mix of expertise, experience relevant to the Company's requirements, quality, quantity and timeliness of flow of information and constitution and terms of reference of various Board Committees in respect of Board and its Committees. The evaluation criteria for the individual directors, including the Executive Chairman and Whole Time Directors was based on parameters such as attendance, participation and contribution at the meetings and otherwise. The guidelines for evaluation of Board and Committees are available on the website of the Company at <https://www.neulandlabs.com/investors/board-of-directors/policies/>.

#### Remuneration Policy

The Nomination and Remuneration policy of your Company is a comprehensive policy which is competitive, in line with the industry practices and aimed to reward good performance of the employees of the Company. The policy is enclosed as Annexure-1 to this report and is also available on the website of the Company at <https://www.neulandlabs.com/investors/board-of-directors/policies/>.

The objective and broad framework of the Nomination and Remuneration policy is to consider and determine the remuneration, based on the fundamental principles of payment for performance, and for growth and to provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.



Your Company endeavours to attract, retain, develop and motivate a high-performance workforce. Your Company follows a compensation mix of fixed and variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process.

The Nomination and Remuneration policy of the Company for managerial personnel is primarily based on performance of the Company, performance and potential of individual managers, and external competitive environment.

### Directors' Remuneration

The details of remuneration paid or payable to the Directors for the financial year ended March 31, 2023 are as under:

(Amount in ₹ lakhs)

Name of Director	Salary	Perquisites and other benefits <sup>1</sup>	Commission <sup>2</sup>	Sitting fee	Total
Dr. Davuluri Rama Mohan Rao <sup>3</sup>	222.89	27.11	350	N.A.	600.00
Mr. Davuluri Sucheth Rao <sup>3</sup>	198.17	26.83	350	N.A.	575.00
Mr. Davuluri Saharsh Rao <sup>3</sup>	198.17	26.83	350	N.A.	575.00
Mr. Humayun Dhanrajgir	N.A.	N.A.	15	1.40	16.40
Mr. Parampally Vasudeva Maiya	N.A.	N.A.	15	4.20	19.20
Mrs. Bharati Rao	N.A.	N.A.	15	7.10	22.10
Dr. Nirmala Murthy	N.A.	N.A.	15	6.10	21.10
Dr. Christopher M. Cimarusti	N.A.	N.A.	15	2.50	17.50
Mr. Homi Rustom Khusrookhan	N.A.	N.A.	15	6.90	21.90
Mr. Prasad Raghava Menon <sup>4</sup>	N.A.	N.A.	15	2.40	17.40

<sup>1</sup> Perquisites and other benefits include Provident Fund

<sup>2</sup> Commission will be paid post approval of financial statements by the members of the Company in the ensuing Annual General Meeting

<sup>3</sup> Tenure of office of the Whole Time Directors is for a term of five years from the date of appointment and can be terminated by either the Company or such directors by giving 12 months' notice in advance or salary in lieu thereof

<sup>4</sup> Appointed as an Independent Director with effect from October 31, 2022

The Company has not provided any stock options to its directors.

During the financial year 2022-23, the non-executive directors were paid Sitting fee of ₹50,000 for attending each meeting of the Board and Audit Committee and ₹20,000 for each meeting of the Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk and Sustainability Committee, Finance Committee and Stakeholder Relationship Committee. The Independent Directors were paid a fee of ₹20,000 each, for the separate meeting of the Independent Directors. No sitting fees is paid to the Whole Time Directors of the Company.

### Shareholding of Directors as on March 31, 2023

Name	No. of shares
Dr. Davuluri Rama Mohan Rao	32,03,474
Mr. Davuluri Sucheth Rao	3,37,542
Mr. Davuluri Saharsh Rao	2,53,587
Mr. Humayun Dhanrajgir	3,286
Mr. Parampally Vasudeva Maiya	2,000

### c. Risk and Sustainability Committee

With a view to further strengthen its commitment and enhance Board's oversight on sustainability and Environmental, Social, and Governance (ESG) matters, the Board of Directors at its meeting held on February 13, 2023, has expanded the scope of the Risk Management Committee and included sustainability and ESG related matters under its purview and renamed the Committee as Risk and Sustainability Committee.

The terms of reference of the Committee cover (a) formulating of a detailed risk management policy which includes, 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; measures for risk mitigation; systems and processes for internal control of identified risks; a Business continuity plan, which is integrated with the Company's ERM (Enterprise Risk Management) program; (b) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company; (c)

To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems; (d) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity; (e) To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken; (f) To review the appointment, removal and terms of remuneration of the Chief Risk Officer, if any; (g) To review the sustainability and other environment, social and governance related vision & goals of the Company on an ongoing basis; (h) To review and provide oversight over the Company's programs, policies, practices, and strategies related to sustainability; (i) To review sustainability and ESG disclosures; and (j) To act as a nodal committee for guidance on sustainability and overall ESG goals and to review and monitor progress and all other matters incidental thereto.

During the financial year 2022-23, the Committee met four times on May 2, 2022, July 26, 2022, October 21, 2022 and January 31, 2023:

#### Composition and Attendance

Name of Director	Meetings held during the Year	Meetings attended
Mr. Homi Rustam Khusrokhan, Chairperson	4	4
Mrs. Bharati Rao, Member	4	4
Mr. Davuluri Sucheth Rao, Member	4	3
Mr. Davuluri Saharsh Rao, Member	4	4
Mr. Prasad Raghava Menon, Member*	-	-

\* Appointed as a member of the Committee with effect from February 13, 2023

The maximum gap between any two meetings was less than one hundred and eighty days.

#### d. Stakeholders Relationship Committee

The terms of reference of the Committee include review of matters pertaining to transfer/transmission of shares, issue of duplicate certificates, review of shares dematerialized and all other related matters; resolving the grievances of the security holders of the Company, including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.; review of measures taken for effective exercise of voting rights by members; review of adherence to the service standards adopted by the listed entity in respect of various services being rendered

by the Registrar & Share Transfer Agent; review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the members of the Company; and carrying out any other function as is referred by the Board from time to time or enforced by any statutory notification/amendment or modification as may be applicable.

During the financial year 2022-23, the Committee met twice on May 9, 2022 and February 13, 2023:

#### Composition and Attendance

Name of Director	Meetings held during the Year	Meetings attended
Mr. Parampally Vasudeva Maiya, Chairperson	2	2
Mr. Davuluri Sucheth Rao, Member	2	2
Mr. Davuluri Saharsh Rao	2	2

The Company attends to the investors' grievances/ correspondence expeditiously and usually reply is sent within the prescribed timelines.

During the financial year 2022-23, the Company has received one complaint from a member/stock exchanges/ SEBI relating to transfer of shares. The complaint received was duly attended to and the Company has furnished necessary information to the complainant. There were no complaints pending as on March 31, 2023. All the complaints have been disposed of to the satisfaction of the complainant(s).

#### e. Corporate Social Responsibility Committee

The Committee oversees, inter-alia, corporate social responsibility and other related matters as may be referred by the Board of Directors and discharges the roles as prescribed under Section 135 of the Act, which includes formulating and recommending to the Board, a Corporate Social Responsibility (CSR) Policy indicating the activities to be undertaken by the Company in conformity with Schedule VII of the Act and the Rules thereof; recommending the amount of expenditure to be incurred; monitoring the CSR Policy of the Company; recommending to the Board an annual CSR action plan delineating the CSR projects or programs to be undertaken during the financial year; and appoint an independent agency/firm to carry out impact assessment study, if any.

During the year under review, the Committee met twice on May 5, 2022, and February 13, 2023:



**Composition and Attendance**

Name of Director	Meetings held during the Year	Meetings attended
Mr. Humayun Dhanrajgir, Chairperson	2	1
Dr. Davuluri Rama Mohan Rao, Member	2	2
Mr. Davuluri Sucheth Rao, Member	2	2
Mr. Davuluri Saharsh Rao, Member	2	2
Dr. Nirmala Murthy, Member	2	2
Mr. Prasad Raghava Menon, Member*	1	1

\*Appointed as a member of the Committee with effect from February 13, 2023

**f. Finance Committee**

The Finance Committee was constituted, inter alia, for the purpose of approving credit facilities sanctioned by lenders from time to time and meets as per requirement.

Dr. Davuluri Rama Mohan Rao, Mr. Parampally Vasudeva Maiya, Mr. Humayun Dhanrajgir, Mr. Davuluri Sucheth Rao and Mr. Davuluri Saharsh Rao are the members of the Committee.

**Compliance officer**

Ms. Sarada Bhamidipati, Company Secretary, is the Compliance Officer for complying with the requirements of the Securities Laws, Listing Agreements with the Stock Exchanges and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. She acts as the Secretary to all the mandatory sub-committees of the Board.

**3. General Body Meetings**

The last three Annual General Meetings details are given herein below:

Year	Date	Day	Time	Venue
2020	July 10, 2020	Friday	10.00 a.m.	Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")
2021	July 7, 2021	Wednesday	10:30 a.m.	Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")
2022	August 2, 2022	Tuesday	11:00 a.m.	Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")

Special Resolutions passed at the last three AGMs

Date of AGM	July 10, 2020	July 7, 2021	August 2, 2022
Item	a. Re-appointment of Dr. Nirmala Murthy (DIN : 00734866) as an Independent Director  b. Re-appointment of Mr. Davuluri Saharsh Rao (DIN: 02753145) as Whole Time Director designated as Joint Managing Director	a. To appoint a Director in place of Dr. Christopher M. Cimarusti (DIN: 02872948) who retires by rotation and, being eligible, offers himself for re-appointment.  b. Payment of Professional fees to Dr. Christopher M. Cimarusti, Non-Executive Director	-

No Extraordinary General Meeting of the members was held during the financial year 2022-23.

**Postal Ballot**

During the year under review, the members of the Company, have by way of special resolution approved the following through postal ballot/ electronic voting ("e-voting") in pursuance to Section 108 and other applicable provisions of the Act, read together with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time.

**Resolution No.1:** Appointment of Mr. Prasad Raghava Menon (DIN: 00005078), as an Independent Director of the Company

Ms. Shaik Razia, Partner, D. Hanumanta Raju & Co., Practicing Company Secretaries, was appointed as Scrutinizer to conduct the Postal Ballot process in a fair and transparent manner, wherein the said resolution as proposed was passed as Special Resolution. Pursuant to the General Circular Nos. 14/2020 and 17/2020 dated April 8, 2020 and April 13, 2020 respectively read with other relevant circulars, including General Circular No. 3/2022 dated May 5, 2022, (collectively referred to as the "MCA Circulars"), the above resolution was passed through postal ballot only by remote e-voting. The voting results of the Postal Ballot was declared on December 22, 2022. The details of voting on Postal Ballot process are as under:

Resolution No.	Number of votes polled	No. of votes polled in favour		No. of votes polled against		No. of Invalid votes	
		Favour	%	Against	%	Invalid	%
1	5,722,037	5,721,862	99.9969	175	0.0031	1	0.00

**1. Information in respect of the Directors seeking appointment/re-appointment as required by Regulation 36 of the SEBI Listing Regulations and Secretarial Standard-2 has been provided in the explanatory statement to the notice of the 39th Annual General Meeting.**

**2. Disclosures**

**a. Related Party Transactions**

During the year under review, the Company had no materially significant related party transaction, which is considered to have potential conflict with the interests of the Company at large. All related party transactions are negotiated on an arms-length basis and are intended to further the Company's interests. Attention of members is drawn to the disclosure of transactions with related parties set out in Note No. 38 of Standalone Financial Statements, forming part of the Annual Report. The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. The said policy is available on the Company's website at <https://www.neulandlabs.com/investors/board-of-directors/policies/>.

**b.** The equity shares of the Company are listed on BSE and NSE and no penalties or strictures have been imposed on the Company by the Stock Exchange, SEBI or any other statutory authority, on any matter relating to the capital markets, during the last three years. A report on the compliances on the applicable laws for the Company is placed before the Board on a quarterly basis for its review and consideration.

**c. Whistle Blower Policy**

Your Company has a Whistle Blower Policy, which is available on the Company's website at <https://www.neulandlabs.com/investors/board-of-directors/policies/>. The policy ensures that strict confidentiality is maintained whilst dealing with concerns and that no discrimination will be meted out to any person for a genuinely raised concern. Pursuant thereto, anyone can directly approach the Chairman of the Audit Committee or through Company Secretary to report any suspected or confirmed incident of fraud / misconduct. It is affirmed that no personnel have been denied access to the Audit

Committee. Further, no complaints have been received under the Whistle Blower Policy.

**d. Reconciliation of share capital audit**

The Company has engaged a practicing Company Secretary to carry out share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued, and listed equity share capital. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL and shares forfeited by the Company. A copy of the report is available on the Stock Exchanges.

The reconciliation of share capital audit report is filed with both the stock exchanges (NSE and BSE) on a quarterly basis within the prescribed time limit and the same is also placed before the Board.

**e. Code of Conduct**

The Company has a Code of Conduct for Directors and Senior Management of the Company and has received affirmations from the directors and senior management regarding compliance with the Code for the year ended March 31, 2023. A certificate from the Vice Chairman & Chief Executive Officer to this effect is attached to this Report.

**f. Allotment of shares**

During the year under review, the Company has not made any allotment of shares.

**g. Accounting treatment**

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standard (Ind AS), notified under the Companies (Indian

Accounting Standard) Rules, 2015 and the relevant provisions of the Act. The financial statements have been prepared on accrual basis under the historical cost convention.

**h. Non-Executive Directors' compensation and disclosures**

The sitting fees and commission paid / payable to the non-Executive Directors (including Independent Directors) forms part of this report. Since all the members of the Nomination and Remuneration Committee, being independent directors, are deemed to be interested in the matter of commission to the non-Executive Directors, the commission payable will be decided by the Board in accordance with the approval of the members in a General Meeting. The sitting fee paid and commission payable are within the limits prescribed under the Act. Except for the above, the non-Executive Directors and the Independent Directors of the Company had no pecuniary relationship or transactions with the Company.

**i. Code of Conduct for Prevention of Insider Trading**

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, your Company has in place a Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and their Immediate Relatives. The disclosures received pursuant to this code and the regulations are disseminated to the Stock Exchanges within the prescribed time limit and a report on compliance are being duly placed before the respective Audit Committee and Board Meetings.

**j. Policy on Prohibition of Sexual Harassment of Women at Workplace**

Your Company has a robust mechanism in place to redress complaints, if any, reported under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has complied with the provisions relating to the constitution of Internal Committee. The Internal Committee is composed of internal members and an external member who has extensive experience in the field. No complaints were reported in the Company during the calendar year 2022 and as on date of this report.

**k. Compliance on Corporate Governance**

Your Company submits compliance report on Corporate Governance to both the stock exchanges (NSE and BSE) within the stipulated timelines. These reports are also placed before the Board in the respective meetings. Pursuant to the SEBI Listing Regulations, a certificate

from a Practicing Company Secretary confirming that the Company is complying with the conditions of Corporate Governance is provided elsewhere in the Annual Report.

**l.** In accordance with the requirements of Regulation 17(9) of the SEBI Listing Regulations, the Risk and Sustainability Committee reviews and updates the Board on the enterprise risk management, including risk assessment and mitigation plans of the Company.

**m.** The Vice Chairman & Chief Executive Officer and the Chief Financial Officer have submitted a Certificate to the Board in the prescribed format for the financial year ended March 31, 2023, pursuant to Regulation 17(8) of the SEBI Listing Regulations. The Certificate has been reviewed by the Audit Committee and taken on record by the Board.

**n.** None of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority as on the date of the report. A certificate from a Company Secretary in practice is enclosed in this regard.

**o. Secretarial Standards**

Your Company's practices and procedures meet the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

**p. E-voting**

Pursuant to the requirements of the Act and SEBI Listing Regulations, the Company is providing e-voting facility to its members, in respect of all shareholders' resolutions, to be passed at the General Meetings.

**q. Commodity price risk or foreign exchange risk and hedging activities**

Some of the API products manufactured by the Company may have direct or indirect foreign currency fluctuations/ commodity price risks. The Company does not undertake any hedging activities for the same. However, the Company reviews its product mix with a focus on niche and high margin products to mitigate the commodity price risk. The Company is a net foreign exchange earner and thus faces foreign currency fluctuation risk. The Company tries to minimise the risk through natural hedge via foreign currency liabilities to the extent possible. The Company may hedge up to 75% of the net foreign exposure (book exposure and forecasted exposure) on a 6 months rolling basis after considering the market situation on a periodic basis.

r. Management Discussion and Analysis Report forms part of the Director's Report.

**s. Statutory Auditor's Fees/Compensation for FY 2022-23**

The total fees paid by the Company to the Statutory Auditors for FY 2022-23 is set out in Note No. 28(ii) of the Standalone Financial Statements, forming part of the Annual Report.

**t. Non-Mandatory Requirements**

The Company also complies with the following non-mandatory requirements under Regulation 27 of the SEBI Listing Regulations:

- There are no audit qualifications during the year under review.
- The Internal auditors report to the Audit Committee every quarter.

**3. Subsidiaries**

The Company does not have any material subsidiary, and hence, is not required to nominate an Independent Director of the Company on the Board of any subsidiary. However, the Company has also formulated a policy for determining the Material Subsidiary and the same is available on Company's website at <https://www.neulandlabs.com/investors/board-of-directors/policies/>. The Management provides financials of the subsidiary companies on a quarterly basis and the audited financial statements annually to the Audit Committee and the Board of Directors.

**4. Means of Communication**

The Company's website provides information to the members, including financial results, Shareholding Patterns, Registrars & Share Transfer Agents, Board Policies, Corporate Governance Policies and other Codes of the Company, and list of members who have not claimed their dividend to comply with MCA Guidelines. The website covers all major press reports, releases, awards, campaigns etc.

The Company also interacts with the members through other channels of communication such as publication of results, Annual Report, press releases, investor presentations, Earnings / analyst calls, participates in investor conferences and provides information on the Company's website. The Company also informs the Stock Exchanges in a prompt manner, all price sensitive information and all such other matters which in its opinion, are material and relevant for the members.

Quarterly Results	The results of the Company are published in the newspapers
Newspapers wherein results are normally published	One leading national (English) business newspaper and in one vernacular (Telugu) newspaper
Any website where displayed	<a href="http://www.neulandlabs.com">www.neulandlabs.com</a>
Whether it also displays official news releases	Official press releases are sent to the Stock Exchanges and the same is hosted on the website of the Company.
Whether the website displays the presentation made to the institutional investors and to the analysts	Yes

## 5. General Shareholders Information

### Annual General Meeting

**Date, Time and Venue:** Thirty Ninth Annual General Meeting of the Members of the Company will be held on July 27, 2023 at 11.00 A.M. IST through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”)

**Financial Year:** April to March

### Financial Calendar

Adoption of Quarterly results for the quarter ending	Tentative Dates
June 30, 2023	August, 2023
September 30, 2023	November, 2023
December 31, 2023	February, 2024
March 31, 2024	May, 2024

**Record date:** July 11, 2023

### Listing on Stock Exchanges

The Company’s Shares are listed on the Stock Exchanges mentioned below and the Company has paid the Listing Fees to them for the financial year 2023-24.

BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.	National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 001.
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### Stock Code

524558 on BSE and NEULANLAB on NSE

### Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity

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

### Employee Stock Options

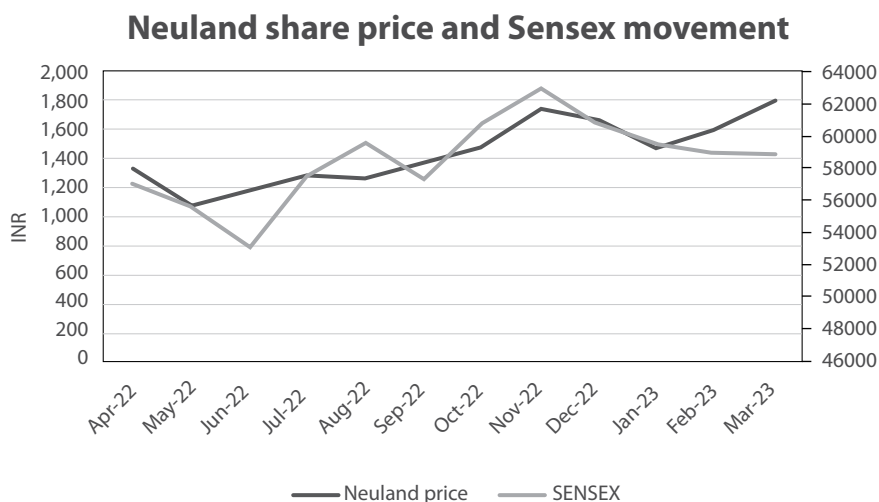
There are no outstanding stock options in the Company.

### International Securities Identification Number (ISIN) in NSDL & CDSL: INE794AO1010

List of Credit Ratings: The Company does not have any debt instruments or fixed deposit programme or any scheme or proposal involving mobilization of funds.

### Share price movements 2022-23

	Month	BSE Limited (₹)			National Stock Exchange of India Limited (₹)			
		High	Low	Closing (as on the last trading day of month)	High	Low	Closing (as on the last trading day of month)	
2022	April	1472.70	1046.40	1325.85	1474.00	1037.00	1325.50	
	May	1475.00	965.85	1072.35	1425.00	967.00	1073.90	
	June	1210.00	1007.70	1178.20	1213.80	1005.00	1179.60	
	July	1376.40	1170.05	1293.25	1375.00	1168.00	1301.25	
	August	1367.50	1069.00	1269.10	1370.10	1068.00	1270.25	
	September	1480.00	1186.30	1362.85	1482.00	1180.20	1363.35	
	October	1619.75	1318.25	1486.35	1620.00	1300.15	1487.80	
	November	2004.05	1365.00	1745.55	2002.00	1362.40	1746.05	
	December	1793.95	1580.00	1668.50	1795.85	1578.05	1666.95	
	2023	January	1834.35	1363.50	1481.45	1832.50	1359.60	1481.15
		February	1744.65	1323.10	1609.35	1745.00	1318.10	1613.60
		March	1857.00	1544.75	1799.45	1860.00	1565.00	1804.05



### Registrar and Transfer Agents

KFin Technologies Limited  
(formerly known as KFin Technologies Private Limited)  
Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad – 500 032.  
Toll free number: 1- 800-309-4001  
Email: einward.ris@kfintech.com  
Website: <https://www.kfintech.com> / <https://ris.kfintech.com>

### Details of Unclaimed Securities Suspense Account

In accordance with the requirement of Regulation 34(3) and Schedule V Part F of SEBI Listing Regulations, the Company reports the following details in respect of equity shares lying in the suspense account which were issued in dematerialised form pursuant to the public issue of the Company:

Particulars	No. of Shareholders	No. of Shares
Aggregate no. of shareholders and the outstanding shares transferred to the suspense account	9	1000
No. of shareholders who approached the Company for transfer of shares from suspense account during the year	0	0
No. of shareholders to whom shares were transferred from unclaimed shares suspense account during the year	0	0
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on March 31, 2023	9	1000

The voting rights on the shares outstanding in the suspense account as on March 31, 2023, shall remain frozen till the rightful owner of such shares claims the shares.

### Details of Unclaimed Dividend Amount

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividend, if not claimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). Further, all the shares in respect of which dividend has remained unclaimed for seven consecutive years or more from the date of transfer to unpaid dividend account shall also be transferred to IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares.



Accordingly, the Company has during the year under review, transferred to IEPF, the unclaimed dividends, outstanding for seven years along with the shares of the Company, in respect of which dividend has not been claimed for seven consecutive years or more from the date of transfer to unpaid dividend account, the details of transfer to IEPF is as under:

Financial year	Amount of unclaimed dividend Transferred (in ₹)	Number of shares transferred
2014-2015	2,28,453.00	1,607

Further, pursuant to the provisions of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 the Company has also uploaded the aforementioned details with IEPF Authority and also on the website of the Company at [www.neulandlabs.com](http://www.neulandlabs.com). The members who have a claim on above dividends and shares may claim the same from IEPF Authority by submitting an online application in web Form No. IEPF-5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in) and sending a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in the Form No. IEPF-5. No claims shall lie against the Company in respect of the dividend/shares so transferred.

Information in respect of unclaimed dividend pursuant to the provisions of Section 124 of the Act and the dates by which they need to be transferred is given below:

Financial year	Date of declaration	Due date for transfer to IEPF
2015-16	August 12, 2016	September 10, 2023
2016-17	No dividend declared	Not Applicable
2017-18	No dividend declared	Not Applicable
2018-19	July 5, 2019	August 4, 2026
2019-20	February 11, 2020	March 3, 2027
2020-21 (interim dividend)	November 3, 2020	December 8, 2027
2020-21 (final dividend)	July 7, 2021	August 10, 2028
2021-22 (final dividend)	August 2, 2022	September 1, 2029

Members should write to the Registrar and Transfer Agents of the Company, KFin Technologies Limited, or the Company, if they have not encashed the dividend warrants so far in respect of the aforesaid financial year(s), well in advance of the above due dates.

#### Dematerialization mandatory for effecting share transfers

Shares of the Company can be held and traded in electronic form. As stipulated by SEBI, the shares of the Company are accepted in the Stock Exchanges for delivery only in dematerialisation form. The Company's shares are available for trading in the depository system, of both the National Securities Depository Limited and the Central Depository Services (India) Limited. As on March 31, 2023, the total shares in demat form were 1,27,39,952 in both depositories accounting for 99.30% of the share capital of the Company.

#### Mandatory KYC – IMPORTANT

Securities and Exchange Board of India (SEBI) vide its Circular dated March 16, 2023, has mandated the submission of PAN, KYC details and nomination by holders of physical securities by October 1, 2023. Members are requested to submit their PAN, KYC and nomination details to the Company's registrars KFin Technologies Limited. The format of Mandatory KYC documents is

available on the Company's website under Shareholder Information [www.neulandlabs.com](http://www.neulandlabs.com).

Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participant(s). In case a holder of physical securities fails to furnish these details or link their PAN with Aadhaar before the due date, our registrars are obligated to freeze such folios. The securities in the frozen folios shall be eligible to receive payments (including dividend) and lodge grievances only after furnishing the complete documents. If the securities continue to remain frozen as on December 31, 2025, the registrar/the Company shall refer such securities to the administering authority under the Benami Transactions (Prohibitions) Act, 1988, and/or the Prevention of Money Laundering Act, 2002.

#### Share Transfer System

Securities and Exchange Board of India has vide proviso to Regulation 40(1) of SEBI Listing Regulations, mandated that requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository, except in case of transmission or transposition of securities. In view of the same, the Company shall not process any requests for transfer of shares in

physical mode. Members who desire to demat their shares can get in touch with any Depository Participant having registration with Securities and Exchange Board of India to open a demat account and follow the procedure for share transfers.

### Rematerialisation of shares

The Company has not received any requests for re-materialisation of shares during the year.

### Distribution of Shareholding as on March 31, 2023

No. of shareholders	No. of Shareholders	% of shareholders	Total no. of shares	% of shareholding
1 - 5000	26,498	95.46	14,43,803	11.25
5001 - 10000	649	2.34	4,81,180	3.75
10001 – 20000	304	1.10	4,41,083	3.44
20001 – 30000	102	0.37	2,55,432	2.00
30001 – 40000	55	0.20	1,91,125	1.49
40001 – 50000	19	0.06	86,057	0.67
50001 – 100000	61	0.22	4,49,552	3.50
100001 & Above	70	0.25	94,81,657	73.90
<b>Total</b>	<b>27,758</b>	<b>100.00</b>	<b>1,28,29,889</b>	<b>100.00</b>

### Shareholding Pattern as on March 31, 2023

Category of shareholder	No. of Shareholders	No. of shares held	% of Share Holding
Promoters and Promoter Group	11	46,37,032	36.14
Banks/ Financial Institutions Others	1	51,304	0.40
Foreign Corporate Bodies and Foreign Portfolio Investors- Corporate	48	23,26,575	18.14
Mutual Funds	2	1,26,861	0.99
Alternate Investment Funds	12	7,83,652	6.11
Bodies Corporate	321	6,69,312	5.22
Residential Individuals, NBFC, HUFs, Clearing Members, Trusts and others	26,074	39,88,619	31.08
NRIs/OCBs and Foreign Nationals	478	2,01,022	1.57
IEPF	1	45,512	0.35
<b>Total</b>	<b>26,948</b>	<b>1,28,29,889</b>	<b>100.00</b>

### Plant Locations

Unit 1	Unit 2	Unit 3	R&D Centre
Survey No.347, 473, 474, 490/2, Veerabhadraswamy Temple Road, Bonthapally Village, Jinnaram, Sangareddy District, 502313 Telangana	Plot No. 92-94, 257-259 IDA Pashamylaram Patancheru Mandal Sangareddy District, 502319, Telangana	Survey No 10, 10F/A/1, 10F/A/2, 10F/A/3 situated at Gaddapotharam Village, Jinnaram, Sangareddy District, 502307, Telangana	Survey No.488G and 489A, Veerabhadra Swamy temple Road, Bonthapally Village, Jinnaram, Sangareddy District, 502313, Telangana

### Service of documents through Electronic Mode

The Notice of 39th Annual General Meeting, along with the Annual Report for FY 2022-23, is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company or with the Depositories. Members who wish to update or register their e-mail addresses with the Company or with the Depositories may inform their respective Depository Participants in case of shares held in electronic form and to the Registrar and Transfer Agent or the Company in case of physical holding of shares at the addresses given below in the Report.

**Remittance of Dividend through Electronic Mode**

The Company provides the facility for remittance of dividend, if any, to members through NECS (National Electronic Clearing Service)/RTGS (Real Time Gross Settlement)/NEFT (National Electronic Funds Transfer). Members, who have not yet opted for remittance of dividend through electronic mode and wish to avail the same, are required to provide their bank details, including MICR (Magnetic Ink Character Recognition) and IFSC (Indian Financial System Code) to their respective Depository Participants where shares are held in the dematerialized form and the Registrar Transfer Agent in case the shares are in physical form respectively.

**Bank Details**

Members holding shares in the physical form are requested to advise the Registrar Transfer Agent of change in their address/mandate/bank details to facilitate better servicing. Members are advised that their bank details, or where such details are not available, their addresses, as furnished by them to the Company or to the Depository participant, will be printed on the dividend warrants as required under the SEBI Listing Regulations, as a measure of protection against fraudulent encashment.

**Permanent Account Number (PAN)**

Members holding shares in the physical form are mandatorily required to furnish copy of PAN Card in the following transactions:

- i) Transfer of shares - Transferee and Transferor
- ii) Transmission of shares - Legal heirs' or Nominees'
- iii) Transposition of shares - Joint holders' and
- iv) In case of decease of shareholder - Surviving joint holders'

**Address for Correspondence**

Investor Correspondence: For dematerialization/ transmission of shares, address updation, KYC updation, payment of dividend on shares and any other query relating to the shares of the Company.

For Shares held in Physical	For Shares held in Demat Form
Registrar and Transfer Agents KFin Technologies Limited (formerly known as KFin Technologies Private Limited) Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. Toll free number: 1- 800-309-4001 Email: einward.ris@kfintech.com Website: <a href="https://www.kfintech.com">https://www.kfintech.com</a> <a href="https://ris.kfintech.com/">https://ris.kfintech.com/</a>	To the Depository Participant
<b>ii. Any query on Annual Report</b> Ms. Sarada Bhamidipati Company Secretary & Compliance Officer Neuland Laboratories Limited 11th Floor (5th Level), Phoenix IVY Building, Plot No. 573A-III, Road No. 82, Jubilee Hills, Hyderabad, 500033, Telangana, India Phone : +91 40 6761 1600 Fax : +91 40 6761 1602 e-mail : <a href="mailto:ir@neulandlabs.com">ir@neulandlabs.com</a>	
<b>iii. For investor grievance</b> e-mail : <a href="mailto:ir@neulandlabs.com">ir@neulandlabs.com</a>	

# CEO and CFO Certification

## [Pursuant to Regulation 17(8) of SEBI (LODR) Regulations, 2015]

We, Davuluri Sucheth Rao, Vice Chairman & Chief Executive Officer and Abhijit Majumdar, Chief Financial Officer, to the best of our knowledge and belief, certify that:

- a. We have reviewed the financial statements including cash flow statement (standalone and consolidated) for the financial year ended March 31, 2023 and that these statements:
  - i. do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. together present a true and fair view of the Company's affairs and are in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under applicable laws and rules and regulations.
- b. 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.
- c. We accept overall 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 have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to be taken to address these deficiencies.
- d. We have indicated, wherever applicable, to the Auditors and the Audit Committee:
  - i. that there are no significant changes in the internal control over financial reporting during the year;
  - ii. that there are no significant changes in the accounting policies during the year; and
  - iii. that there are no instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the Company's internal control system over financial reporting.

For **Neuland Laboratories Limited**

**Davuluri Sucheth Rao**  
Vice Chairman & Chief Executive Officer

Place: Hyderabad  
Date: May 11, 2023

For **Neuland Laboratories Limited**

**Abhijit Majumdar**  
Chief Financial Officer

# Declaration

As provided under Regulation 34 read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Board Members and the Senior Management personnel have confirmed compliance with the Code of Conduct for Board of Directors & Senior Management Personnel for the year ended March 31, 2023.

For and on behalf of the board

Date: May 11, 2023  
Place: Hyderabad

**Davuluri Sucheth Rao**  
Vice Chairman & Chief Executive Officer

# Certificate on Corporate Governance

**(Pursuant to Schedule V(E) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To

The Members of

**Neuland Laboratories Limited**

11th Floor (5th Level), Phoenix IVY Building,

Plot No. 573A-III, Road No. 82, Jubilee Hills,

Hyderabad, 500033-Telangana.

We have examined the compliance of conditions of Corporate Governance by M/s. Neuland Laboratories Limited ('the Company') for the year ended March 31, 2023 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15 (2) of the Listing Regulations.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

We further state that 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 **P.S. Rao & Associates**  
Company Secretaries

Place: Hyderabad

Date: 11.05.2023

**P S Rao**  
Sr. Partner  
FCS No: 10322; C.P No. 3829  
PR: 710/2020  
UDIN: F010322E000282528

# Practicing Company Secretary Certificate

**(Pursuant to Schedule V(C)(10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To

The Members of

**Neuland Laboratories Limited**

11th Floor (5th Level), Phoenix IVY Building,  
Plot No. 573A-III, Road No. 82, Jubilee Hills,  
Hyderabad, 500033, Telangana, India

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Neuland Laboratories Limited bearing CIN: L85195TG1984PLC004393 and having registered office situated at 11th Floor (5th Level), Phoenix IVY Building, Plot No. 573A-III, Road No. 82, Jubilee Hills, Hyderabad, 500033, Telangana, India (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with the Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company and the respective Directors, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31, 2023 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

S.No	Name of the Director	Designation	DIN
1.	Dr. Davuluri Rama Mohan Rao	Whole Time Director (Executive Chairman)	00107737
2.	Mr. Davuluri Sucheth Rao	Whole time Director (Vice Chairman & CEO)	00108880
3.	Mr. Davuluri Saharsh Rao	Whole time Director (Vice Chairman & Managing Director)	02753145
4.	Dr. Christopher M. Cimarusti	Non-Executive Director (Non-Independent Director)	02872948
5.	Mr. Humayun Dhanrajgir	Non-Executive Director (Independent Director)	00004006
6.	Mr. Parampally Vasudeva Maiya	Non-Executive Director (Independent Director)	00195847
7.	Mrs. Bharati Manohar Rao	Non-Executive Director (Independent Director)	01892516
8.	Dr. Nirmala Srinivasa Murthy	Non-Executive Director (Independent Director)	00734866
9.	Mr. Homi Rustam Khusrokhani	Non-Executive Director (Independent Director)	00005085
10.	Mr. Prasad Raghava Menon	Non-Executive Director (Independent Director)	00005078

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

For **P.S. Rao & Associates**  
Company Secretaries

**P S Rao**

Sr. Partner

FCS No: 10322; C.P No. 3829

PR: 710/2020

UDIN: F010322E000281956

Place: Hyderabad

Date: 11.05.2023



# Secretarial Audit Report

## FORM NO. MR-3

for the Financial Year ended March 31, 2023

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 as amended]

To  
The Members  
**Neuland Laboratories Limited**  
11th Floor (5th Level), Phoenix IVY Building,  
Plot No. 573A-III, Road No. 82, Jubilee Hills,  
Hyderabad, 500033-Telangana, India

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Neuland Laboratories Limited., [CIN: L85195TG1984PLC004393] (hereinafter called "the Company") for the financial year ended March 31, 2023 ("audit period"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. The Company has complied with the applicable provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are applicable: -
  - (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; (Not applicable to the Company during the audit period)
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (Not applicable to the Company during the audit period)
  - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (Not applicable to the Company during the audit period)
  - (f) 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;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (Not applicable to the Company during the audit period)
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)
  - (i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

- vi. We have reviewed the systems and mechanisms established by the Company for ensuring compliances under the other applicable Acts, Rules, Regulations and Guidelines prescribed under various laws which are applicable to the Company and categorized under the following major heads/groups:
- (a) Drugs and Cosmetics Act, 1940
  - (b) Narcotic Drugs and Psychotropic Substances Act, 1985
  - (c) The Medicinal & Toilet Preparations (Excise Duties) Act, 1955
  - (d) Drugs Price Control Order, 2013 and notifications made there under
  - (e) Indian Boilers Act, 1923
  - (f) The Payment of Wages Act, 1936
  - (g) Employees Provident Funds and Miscellaneous Provisions Act, 1952
  - (h) The Payment of Bonus Act, 1965
  - (i) The Water (Prevention and control of pollution) Act, 1974 and rules made thereunder
  - (j) The Air (Prevention and control of pollution) Act, 1981 and rules made thereunder
  - (k) The Environment Protection Act, 1986 and rules made thereunder
  - (l) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

We believe that the audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and according to explanations given to us, we believe that the systems and mechanisms established by the Company are adequate to ensure compliance of laws as mentioned above.

We have also examined compliance with the applicable clauses of the Secretarial Standards with respect to Meeting of Board of Directors (SS-1) and General Meetings (SS-2), as amended from time to time, and Guidance note Meeting of Board of the Board of Directors and General Meetings issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., 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. There were changes in the composition of the Board of Directors during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Further, the Circulars, Regulations and Guidelines issued by the Ministry of Corporate Affairs, Securities and Exchange Board of India and other relevant regulatory authorities in view of the pandemic pertaining to Board/ Committee meetings, General Meetings and other provisions of the Act, Rules and Regulations have been complied with by the Company.
- Based on the verification of the records and minutes, the decisions at the Board/ Committee Meetings have been carried out unanimously as recorded in the Minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**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.
- there were no such specific events/ actions in pursuance of the above referred laws, rules, regulations, etc., having a major bearing on the company's affairs .

For **P.S. Rao & Associates**  
Company Secretaries

**P S Rao**  
Sr Partner

FCS No: 10322; C.P. No. 3829  
PR No. 710/2020

ICSI Unique Code: P2001TL078000  
UDIN: F010322E000282341

Place: Hyderabad  
Date: 11.05.2023

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

# Annexure-A

To  
The Members  
**Neuland Laboratories Limited**  
11th Floor (5th Level), Phoenix IVY Building,  
Plot No. 573A-III, Road No. 82, Jubilee Hills,  
Hyderabad, 500033, Telangana, India

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

1. Maintenance of secretarial records 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 Account 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. However, it was noticed that the appointment of one of the Independent Directors of the company was alleged as non-compliance of the provisions of Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR)") by the Stock Exchanges and the company had paid the fine under protest. In this regard, the company has submitted a waiver application to the Stock Exchange(s) and the same is yet to be heard by them. Further, in view of the explanations and legal opinions' submitted by the management, the findings of the SAT (Securities Appellate Tribunal) in the matter of **Nectar Life Sciences Ltd vs SEBI & others** vide order dated 27.04.2023, may be relied upon in the present matter wherein the appointment of the Independent Director, who had attained the age of 75 years of age, by the board was held valid and no such fine be levied for violation of Regulation 17 (1A) of the SEBI (LODR) Regulations, 2015.
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 **P S Rao & Associates**  
Company Secretaries

**P S Rao**  
Sr Partner  
FCS No: 10322; C.P. No. 3829  
PR No.710/2020  
ICSI Unique Code: P2001TL078000  
UDIN: F010322E000282341

Place: Hyderabad  
Date: 11.05.2023

# Annexure-1

## NOMINATION AND REMUNERATION POLICY

### 1. BACKGROUND

This nomination and remuneration committee policy ("Policy") is in pursuance to the provisions of Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements), Regulation 2015 as amended from time to time ("SEBI Listing Regulations") to ensure the payment of equitable and competitive remuneration to Directors, Key Managerial Personnel and employees of the Company which is based on individual performance, Company's benchmark, Industry practices and performance of the Company as a whole.

The Nomination and Remuneration Committee ("the Committee") has considered the factors laid down under Section 178 of the Act and SEBI Listing Regulations, while formulating the Policy as under:

- a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully.
- b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

This Policy has been approved by the Board of Directors at their meeting held on November 10, 2022 and shall be effective immediately, superseding the earlier Policy of the Company.

### 2.1 OBJECTIVE

The objective and purpose of this Policy is:

- 2.1 To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- 2.2 To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-executive including Independent Directors), Key Managerial Personnel and persons who may be appointed in senior management positions.

- 2.3 To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 2.4 To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 2.5 To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 2.6 To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 2.7 To assist the Board in fulfilling its responsibilities.
- 2.8 To lay down approach for Board diversity.
- 2.9 To ensure compliance with the Companies Act, 2013 and rules made thereunder (the "Act"), and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the SEBI Listing Regulations").

### 3. APPLICABILITY

This policy is applicable to the following:

- i. Directors (Executive and Non-Executive);
- ii. Key Managerial Personnel (not being a Director); and
- iii. Senior management personnel.

### 4. DEFINITIONS

- 4.1 Act means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 4.2 Board means Board of Directors of the Company.
- 4.3 Company means Neuland Laboratories Limited.
- 4.4 Director(s) mean directors of the Company.
- 4.5 Executive Director means a director who is appointed as whole-time director or managing director of the Company under the Act.

## 4.6 Key Managerial Personnel (KMP) means

Chief Executive Officer or the Managing Director or the Manager;  
 Whole-time director;  
 Chief Financial Officer;  
 Company Secretary;

such other officer, not more than one level below the Directors who is in whole-time employment, designated as Key Managerial Personnel by the Board; and

such other officer as may be prescribed.

## 4.7 Non-Executive Director means a director who is not an Executive Director and includes Independent Director.

## 4.8 Independent Director means a non-Executive Director, other than a nominee Director of the Company:

a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;

b. (i) who is or was not a Promoter of the Company or its holding, subsidiary or associate Company;

(ii) who is not related to promoters or Directors in the Company, its holding, subsidiary or associate Company;

c. who has or had no pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten per cent. of his total income or such amount as may be prescribed, with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;

d. none of whose relatives —

i. is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:

Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paidup capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;

ii. is indebted to the Company, its holding, subsidiary or associate company or their promoters, or directors, for an amount of fifty lakhs rupees or more, at any time or such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;

iii. has given a guarantee or provided any security in connection with the indebtedness of any third person to the Company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for an amount of fifty lakhs rupees or more, at any time or such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or

iv. has or had any other pecuniary transaction or relationship with the Company, or its subsidiary, or its holding or associate company or their promoters, or directors amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, referred to in subwhichever is lower, singly or in combination with the transactions clause (i), (ii) or (iii) during the two immediately preceding financial years or during the current financial year;

e. who, neither himself nor any of his relatives —

i. holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years

ii. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —

A. a firm of auditors or company secretaries in practice or cost auditors of the

company or its holding, subsidiary or associate company; or

B. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;

iii. holds together with his relatives two per cent. or more of the total voting power of the company; or

iv. is a Chief Executive or director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; or

v. is a material supplier, service provider or customer or a lessor or lessee of the Company;

f. who is not less than 21 years of age

g. possesses appropriate skills, experience and knowledge in one or more fields of pharma, finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.

h. is not a non-independent director of another company on the board of which any non-independent director of the Company is an independent director.

i. such other conditions as may be prescribed under the applicable statutory provisions/ regulations from time to time.

4.8 Senior Management means personnel of the company who are members of its core management team, i.e., senior vice president and above, excluding the Board of Directors, one level below the Executive Directors and including Chief Financial Officer and Company Secretary.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined under the Act and the SEBI Listing Regulations as amended from time to time shall have the meaning respectively assigned to them therein.

## 5. Policy for appointment and removal of Director, KMP (not being a Director) and Senior Management

### 5.1 Appointment criteria and qualifications

a) The Committee shall identify and ascertain the integrity, qualification, expertise, and experience of the person for appointment as director, KMP (not being a Director) or at Senior Management level and recommend to the Board his / her appointment.

b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

c) The Company shall comply with the requirements as laid down in the Act and SEBI Listing Regulations with regard to appointment of an Executive Director.

### 5.2 Term / Tenure

#### a) Executive Director

The Company shall comply with the laws and regulations, as applicable at the time of appointment or reappointment of Executive Director.

#### b) Independent Director

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director, it shall be ensured that number of Boards on which such Independent Director serves is as may be prescribed under the Act and / or the SEBI Listing Regulations.



The Company shall comply with the laws and regulations, as applicable at the time of appointment or reappointment of Independent Director.

For appointment of an independent director, the Committee shall evaluate the balance of skills, knowledge, and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

- a. use the services of an external agencies, if required;
- b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
- c. consider the time commitments of the candidates

#### 5.3 During the term of the office, every director shall:

1. uphold ethical standards of integrity and probity;
2. act objectively and constructively;
3. exercise responsibilities in a bona-fide manner in the interest of the Company;
4. shall be free from any disqualifications as stipulated under the Act as well as the Listing Regulations;
5. shall be able to devote sufficient time and efforts in discharge of duties and responsibilities effectively.

Additionally, the terms and conditions of an Independent Directors shall be as per the Terms of Appointment of Independent Director issued at the time of appointment.

#### 5.4 Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP (not being a Director) or Senior Management, subject to the provisions and compliance of the said Act, rules and regulations.

#### 5.5 Retirement

The Directors, KMP (not being a Director) and Senior Management personnel shall retire as per the applicable

provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP (not being a Director), Senior Management personnel in the organization / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company, in accordance with applicable laws.

#### 5.6 Policy relating to the Remuneration of Executive Director(s), Senior Management and other employees

The Remuneration Policy of the Company is primarily based on the following:

- Performance of the Company, its units and facilities
- Performance and potential of individual managers, and,
- External competitive environment.

#### General

- a. The remuneration/compensation/commission, etc., to the Executive Directors, KMP (not being a Director) and Senior Management will be determined by the Committee and recommended to the Board for approval at the time of appointment. The remuneration /compensation / commission etc. of the Executive Director(s) shall be subject to the approval of the shareholders of the Company in the ordinary course of business. In the event of any delay in securing such approval of the shareholders, the Company shall secure such approval by way of ratification by the shareholders.
- b. The remuneration and commission to be paid to the Executive Directors shall be in accordance with the provisions of the Act.
- c. Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which would be within the limits approved by the Shareholders in the case of Executive Directors and as per the Policy of the Company in case of others.
- d. Where any insurance is taken by the Company on behalf of its Executive Directors, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel, provided that if such person is proved to be guilty,

the premium paid on such insurance shall be treated as part of the remuneration.

- e. For the purpose of determining remuneration (based on profitability of the Company), the evaluation criteria of the executive and Non-Executive Directors are as outlined below:

1) Executive Directors:

- 1.1 Financial metrics such as profitability; and
- 1.2 Non-financial metrics covering aspects such as health, brand building, compliance, quality and sustainability of operations of the organization, as may be agreed upon from time to time with the Company.

2) Non-Executive Directors:

- 2.1 Level of engagement, independence of judgment, etc. and their contribution in enhancing the Board's overall effectiveness;
- 2.2 The Non-Executive Directors remuneration shall be benchmarked with similar organizations; and
- 2.3 Participation in the Committees (either as Chairperson or member) and the Board meetings.

**Remuneration to Executive Directors**

- a. Fixed pay: The Executive Directors, shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to provident fund pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and subject to the approval of shareholders and Central Government, if any required.
- b. Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Directors, in accordance with the provisions of the Act and SEBI Listing Regulations, as may be applicable.

- c. Provisions for excess remuneration: If any Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without appropriate approvals, the Committee shall recommend the due course of action to the Board as and when required.

**Remuneration to Non-Executive Directors**

- a. Remuneration / Commission: The remuneration / commission shall be fixed as per the limits and conditions mentioned under the Act and / or SEBI Listing Regulations. In addition, a Non-Executive Non-Independent Director may also receive professional fee, on a case to case basis, subject to approvals if any required.
- b. Sitting Fees:  
  
The Non-Executive Directors may receive sitting fees for attending meetings of the Board or a committee thereof, as approved by the Board and in the event such fees exceeds the amount as may be prescribed by the Central Government or any regulatory authority, shareholders' approval shall be sought for such increase.
- c. Commission: Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Act.
- d. Stock Options: An Independent Director shall not be entitled to any stock option of the Company.

**Remuneration to Senior Management and employees of the Company**

The remuneration for the Senior Management and employees of the Company will be guided by external competitiveness and internal parity through benchmarking surveys from time to time. The remuneration structure can be either fixed or combination of fixed and variable components, fixed component comprising of salary, allowances, perquisites, provident fund, etc., and variable component comprising of an amount linked to performance of the individual employee and the Company as a whole. In addition to this the Company may also grant stock options, pursuant to which, equity shares of the Company may be offered and allotted to the employees as per the approved employee stock option scheme.

Internally, performance ratings of all employees would be carried out based on the Performance Management System followed by the Company. The rating obtained by an employee will determine his / her total compensation.

Compensation can also be determined based on identified skill sets critical to success of the Organization. It will be determined as per the market demand and supply, industry benchmark etc.

The compensation to the Senior Management shall be recommended by the Committee to the Board.

The Company shall be responsible for implementing various policies for internal benchmarking, compensation and performance management system, in accordance with this Policy and applicable law. It will also be responsible for presenting employee stock option scheme, if any, to the Committee /Board for their approval.

#### **Performance Evaluation Process – Performance Management System**

In line with the mandates under Companies Act, 2013 read with the SEBI Listing Regulations, the Committee shall provide parameters for effective evaluation of performance of Board, its committees and Directors, including independent directors, to be carried out either by the Board, by the Committee or by an independent external agency and review its implementation and compliance.

The evaluation of employees of the Company including Senior Management, KMP's (not being a Director) shall be as per the annual performance evaluation policy of the Company from time to time following the below mentioned principles:

- Aligning Organization objectives to individual goals
- Fair and transparent assessment of performance
- Recognizing and rewarding performance
- Differentiating high performance
- Understanding and developing of current and future competencies

## **6. DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICY**

All directors and officers (including Key Managerial Personnel) of the Company would be covered by the requisite Directors and Officers Liability Insurance Policy.

## **7. BOARD DIVERSITY**

Neuland recognises the importance of diverse and inclusive workplace, which is also applied in the composition of the Board. Diversity encompasses diversity of perspective, experience, education, background, gender, ethnicity and personal attributes. No person shall be discriminated against on grounds of religion, race, gender, pregnancy, childbirth or related medical conditions, national origin or ancestry, marital status, age, sexual orientation or any other personal or physical attribute which does not speak to such person's ability to perform as a Board member.

The Board of Directors shall have an optimum combination of Directors with diverse experience, expertise and skillset in varied areas, fields and/or functions as may be considered appropriate by the Board.

The Board shall endeavour to have at least one member who has expertise in the areas of financial matters, risk management, cyber security and sustainability and shall have at least one woman-member on the Board.

## **8. AMENDMENT**

The Committee will review this policy periodically and recommend appropriate revisions to the Board.

Any statutory amendment in SEBI Listing Regulations and / or Companies Act, 2013 and any other applicable laws / regulations, if any, shall be deemed to be included in the Policy and the Company shall be governed by it. The Committee shall amend or modify this Policy in whole or in part, as required at any time and such amendment/modification shall be effective from the date that the Board may approve /notify in this behalf.