

# Directors' Report

The Board of Directors are pleased to present the Company's Thirty Eighth Annual Report and the Company's audited financial statements (standalone and consolidated) for the financial year ended March 31, 2022.

## Financial Performance

The Company's financial performance (standalone) for the year ended March 31, 2022, is summarised below:

	(₹ in lakhs)	
Particulars	2021-22	2020-21
<b>Total Income</b>	<b>95,315.33</b>	<b>95,300.80</b>
<b>Profit before Finance costs, Depreciation, Amortisation and Tax</b>	<b>14,427.06</b>	<b>16,253.81</b>
Finance costs	1,349.44	1,789.75
<b>Profit before Depreciation, Amortisation and Tax</b>	<b>13,077.62</b>	<b>14,464.06</b>
Less: Depreciation and Amortisation	4,903.64	3,967.85
<b>Profit before Tax</b>	<b>8,173.98</b>	<b>10,496.21</b>
Less: Current tax	2,042.19	1,248.29
Deferred tax	(221.55)	1,218.43
<b>Profit after Tax</b>	<b>6,353.34</b>	<b>8,029.49</b>
Add: Other comprehensive income	(599.17)	(139.25)
<b>Total comprehensive income for the year</b>	<b>5,754.17</b>	<b>7,890.24</b>

For the financial year ended March 31, 2022, a Total Income of ₹ 95,315.33 lakhs as against ₹ 95,300.80 lakhs in the previous year.

For the year ended on March 31, 2022, the Company has reported Earnings Before Interest, Finance Cost, Depreciation and Amortization and Tax (EBIDTA) of ₹ 14,427.06 lakhs as against the EBIDTA of ₹ 16,253.81 lakhs during the previous year.

The Net Profit of the Company for the year 2021-22 was ₹ 6,353.34 lakhs compared to ₹ 8,029.49 lakhs during the previous year.

## Business Review

During the year under review, your Company was impacted by various factors including the macro-economic and geopolitical situation combining with the second and third waves of the COVID19 pandemic. We saw a decline in GDS revenues as customers faced inventory pile-up issues for some of the key Prime products. The GDS Specialty business did well as several products contributed to the revenue even in this turbulent period. In the CMS business we saw continued traction even as we saw the commercialization of 2 molecules and saw growth in development revenues even as one of the key molecules was impacted due to genericization. During the year the Company strengthened certain capabilities like Project Management which are crucial to the growing CMS business.

## Dividend

Your directors are pleased to recommend a final dividend of ₹ 5/- (50%) per equity share on face value of ₹10/- each of the Company, for the FY 2021-22. The final dividend, if approved at

the 38th Annual General Meeting, will be paid to members within the period stipulated by the Companies Act, 2013, as amended from time to time. The outflow on account of final dividend is estimated to be ₹ 6,41,49,445/-.

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the dividend distribution policy, is available on the Company's website on website-www.neulandlabs.com

## Share Capital

The equity shares of your Company continue to be listed and traded on the BSE Limited and National Stock Exchange of India Limited. The paid-up equity share capital of the Company as on March 31, 2022 is ₹1,290.05 lakhs. During the year under review, the Company has not issued any shares with differential voting rights nor granted stock options nor sweat equity.

## Outlook

Both business verticals of Generic Drug Substances (GDS) and Custom Manufacturing Solutions (CMS) will continue to be pivotal to the growth of your Company. Highest focus will be maintained on quality, technological excellence and transparent partnerships for deepening existing customer relationships as well as attracting new customers. With several steps being taken to strengthen the organisation internally and enhance customer focus, Neuland is poised to be one of the leading partners of choice for the Pharmaceutical industry in both the GDS and CMS space.

## Consolidated Financial Statements

The Audited Consolidated Financial Statements of your Company as on March 31, 2022, which forms part of the Annual Report, have been prepared pursuant to the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, and also as per the applicable Indian Accounting Standard (IndAS) on Consolidated Financial Statements (IndAS-110) as notified by the Ministry of Corporate Affairs.

The annual accounts of the subsidiary companies are kept for inspection by any member at the Registered Office of the Company as well as at the Registered Office of the respective subsidiary companies and also available on the website of the Company, [www.neulandlabs.com](http://www.neulandlabs.com). Any member interested in a copy of the accounts of the subsidiaries may write to the Company Secretary at the Registered Office of the Company.

## Subsidiaries

Your Company has two subsidiaries, Neuland Laboratories K.K., Japan and Neuland Laboratories Inc. USA, working on market development. Your Company does not have any joint venture or associate companies. Further there has been no material change in the nature of business of the subsidiaries.

A report on the performance and financial position of the subsidiaries, set out in the prescribed form AOC-1 in terms of proviso to sub-section (3) of Section 129 of the Companies Act, 2013, as amended from time to time, is provided as Annexure to the consolidated financial statements and hence not repeated here.

## Corporate Governance Report, Management Discussion & Analysis and Other Information Required under the Companies Act, 2013 and Listing Agreement

As per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time Corporate Governance Report with Certificate from a Practicing Company Secretary thereon and Management Discussion and Analysis report are attached and form part of this report.

## Directors and Key Managerial Personnel

With deep regret, we report the sad demise of our Independent Director, Dr. William Gordon Mitchell, on December 6, 2021. Your directors would like to place on record their highest gratitude and appreciation for the invaluable contributions and achievements of Dr. Mitchell over the years.

Mr. Davuluri Saharsh Rao retires by rotation at the forthcoming 38th Annual General Meeting and being eligible, seeks re-appointment. The profile of Mr. Davuluri Saharsh Rao is included in the Report on Corporate Governance and the Notice of the AGM.

Dr. Davuluri Rama Mohan Rao, Executive Chairman, Mr. Davuluri Sucheth Rao, Vice Chairman & Chief Executive Officer, Mr. Davuluri Saharsh Rao, Vice Chairman & Managing Director, Mr. Deepak Gupta, Chief Financial Officer, and Ms. Sarada Bhamidipati, Company Secretary & Compliance Officer, are the Key Managerial Personnel of the Company as on the date of this Report.

## Listing at Stock Exchanges

The equity shares of your Company continue to be listed and traded on the BSE Limited and National Stock Exchange of India Limited. The Annual Listing fee for the year 2022-23 has been paid to both the stock exchanges.

## Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, as amended from time to time, your directors confirm that to the best of their knowledge and belief and according to the information and explanation obtained by them:

- a. in the preparation of the annual financial statements for the year ended March 31, 2022, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. such accounting policies as mentioned in the Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2022 and of the profit of the Company for the year ended on that date;
- c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, as amended from time to time, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual financial statements have been prepared on a going concern basis;
- e. proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
- f. systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## Board Meetings

During the year under review, five Board Meetings were convened and held, the details of which are given in the Corporate Governance Report, which forms part of this report.

The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

### Composition of various Committees

Details of various committees constituted by the Board as per the provisions of Companies Act, 2013, as amended from time to time, and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, and their meetings are given in the Corporate Governance Report which forms part of this report.

### Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the annual evaluation of the performance of the Board, its Committees and of individual directors has been carried out by the Board. The process was carried out by circulating questionnaires on the Board and Committees functioning on certain parameters. The performance evaluation of the Independent Directors was carried out by the entire Board, except the director being evaluated. The performance evaluation of the non-Independent Directors including Executive Directors was carried out by the Independent Directors.

### Independent Directors

The Independent Directors met on January 31, 2022, without the presence of non-Independent Directors and members of the management. The Independent Directors, inter alia, discussed matters pertaining to the Company's affairs and reviewed the performance of non-Independent Directors, the Chairman and the Board as a whole, and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence prescribed under the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended. Further, they have affirmed compliance to the code of conduct for Independent Directors as prescribed in Schedule IV of the Act. The terms and conditions of appointment of Independent Directors is available on the website of the Company.

### Disclosures by Directors

None of the Directors of your Company is disqualified as per provisions of Section 164(2) of the Companies Act, 2013, as amended from time to time. Your directors have made necessary

disclosures to this effect as required under Companies Act, 2013, as amended from time to time.

### Audit Committee

During the year under review, four Audit Committee Meetings were convened and held. The details of the committee meetings and composition of the Audit Committee and its terms of reference are included in the Report on Corporate Governance annexed. All the recommendations made by the Audit Committee were accepted by the Board of Directors.

### Nomination and Remuneration Committee

Your Company has a Nomination and Remuneration Policy as required under Section 178 of the Companies Act, 2013, as amended from time to time, for selection and appointment of Directors, Key Managerial Personnel, Senior Management and their remuneration. During the year under review, two Nomination and Remuneration Committee Meetings were convened and held. The details of the Nomination and Remuneration Committee are set out in the Report of Corporate Governance, forming part of this Report.

### Remuneration Policy

The Company has formulated a Nomination and Remuneration Policy which is available on the website of the Company at [www.neulandlabs.com](http://www.neulandlabs.com). Your Company's Policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) of the Act are covered in the policy.

### Corporate Social Responsibility

The Company has in place a Corporate Social Responsibility Policy which is available on the website of the Company at [www.neulandlabs.com](http://www.neulandlabs.com). Further, your Company has met its CSR obligations for the FY 2021-22 under the provisions of the Companies Act, 2013 and rules made thereunder.

Annual report on CSR activities as required under Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 read with Section 134(3) and 135(2) of the Companies Act, 2013, as amended from time to time, has been appended as Annexure-1 and forms an integral part of this Board's Report.

### Business Responsibility Report

In accordance with regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Business Responsibility Report (BRR), is forming part of this report as Annexure-2 describing the detailed report on business responsibilities vis-à-vis the nine principles of the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business framed by the Ministry of Corporate Affairs.

## **Code of Conduct for Board of Directors and Senior Management Personnel**

The directors and members of Senior Management have affirmed compliance with the Code of Conduct for Board of Directors and Senior Management Personnel of the Company. A declaration to this effect has been signed by the Vice Chairman & Chief Executive Officer and forms part of the Annual Report.

## **Vigil Mechanism/Whistle Blower Policy**

Your Company has a Vigil Mechanism/Whistle Blower Policy which serves as a mechanism for its directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Code of Conduct without fear of reprisal. The policy also provides access to the Chairperson of the Audit Committee under certain circumstances. The Whistle Blower Policy is available on the website of the Company, [www.neulandlabs.com](http://www.neulandlabs.com). A brief note on the Whistle Blower Policy is also provided in the Report on Corporate Governance, which forms part of this Annual Report.

## **Prevention of Insider Trading**

Pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Company has adopted the Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and their Immediate Relatives along with Code of Fair Disclosures. Periodically, insider trading awareness sessions are conducted for the benefit of designated persons. Trading window closures, when the directors and designated persons are not permitted to trade in the securities of the Company, are intimated in advance to all concerned. Violations of the Code, if any, are appropriately acted on and reported to the SEBI/SEs.

## **Disclosure as per Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company is committed to ensure that there is no scope for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. The Company has not received any complaints on sexual harassment during the calendar year 2021 and as on the date of this report.

## **Employee Stock Option Scheme**

As on March 31, 2022, no employee stock options available in the Company and hence no disclosures are required to be made under Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

## **Statutory Auditors**

The financial statements have been audited by M/s. MSKA & Associates (Firm Registration No: 105047W), Chartered Accountants, Statutory Auditors of the Company.

The Statutory Auditors were appointed in the AGM held on July 5, 2019 to hold office from the conclusion of the thirty fifth Annual General Meeting until the conclusion of the fortieth Annual General Meeting.

## **Auditors' Report**

There are no qualifications, reservations or adverse remarks made by M/s. MSKA & Associates, Statutory Auditors, in their report for the financial year ended March 31, 2022.

Pursuant to provisions of Section 143(12) of the Companies Act, 2013, as amended from time to time, the Statutory Auditors have not reported any incident of fraud to the Audit Committee during the year under review.

## **Secretarial Audit**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, the Company has appointed M/s. P.S. Rao & Associates, a firm of Company Secretaries in Practice, to conduct the Secretarial Audit of the Company. The report of the Secretarial Audit for the financial year ended March 31, 2022 is annexed to the Corporate Governance Report and forms part of this report. There are no qualifications, reservations or adverse remarks made by the Secretarial Auditor in their report.

## **Cost Auditors**

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, as amended from time to time, subject to the approval of the Central Government, if any required, the Audit Committee has recommended and the Board of Directors had appointed M/s. Nageswara Rao & Co. (Registration No. 000332), Cost Accountants, Hyderabad, being eligible and having sought re-appointment, as Cost Auditors of the Company, to carry out the cost audit of the products manufactured by the Company during the financial year 2022-23.

## **Insurance**

Your Company has taken necessary steps to mitigate risks and obtained appropriate insurances and the Board is kept apprised of the risk assessment and minimization procedures. The assets of the Company have been adequately covered under insurance. The policy values have been determined taking into consideration the value of the assets of the Company.

## Material Changes

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year of the Company to which the financial statements relate and the date of the report. Further, it is hereby confirmed that there has been no change in the nature of business of the Company.

## Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of the Companies (Accounts) Rules, 2014, as amended from time to time, is annexed herewith as Annexure-3.

## Annual Return

Pursuant to Section 92 and Section 134 of the Companies Act, 2013, as amended from time to time, the Annual Return as on March 31, 2022 in form MGT-7 is available on the website of the Company at [www.neulandlabs.com](http://www.neulandlabs.com).

## Particulars of Employees and related disclosures

The information relating to remuneration and other details as required pursuant to Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, is provided as an Annexure-4 to this report.

In terms of the provisions of Section 197 of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annual Report, which forms part of this Report.

Pursuant to the provisions of the first proviso to Section 136(1) of the Act, the Annual Report is being sent to the members and other persons entitled thereto, excluding the information in respect of employees of the Company containing the particulars as specified in Rule 5 (2) of the said Rules. The said information is available for inspection on all working days, during business hours, at the Registered Office of the Company up to the date of the ensuing Annual General Meeting. Any member interested in obtaining such information, may write to the Company Secretary and the same will be furnished on request.

## Related Party Transactions

All contracts/arrangements/transactions entered into by the Company during the financial year with related parties were in the ordinary course of business and at an arm's length basis.

During the year, the Company has not entered into any material contract or arrangements with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. Further, there were no materially significant related party transactions which could have potential conflict with interest of the Company at large.

The Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions as approved by the Board may be accessed on the Company's website, [www.neulandlabs.com](http://www.neulandlabs.com)

The particulars of transactions with related parties in the prescribed format is annexed to this report, as Annexure-5. Members may refer to Note No. 39 to the standalone financial statement which sets out related party disclosures pursuant to Ind AS.

## Particulars of Loans, Guarantees and Investments

The Company has not given any loans and guarantees or made any investments under Section 186 of the Act during the year under review.

## Deposits from Public

The Company has not accepted any deposits from the public and as such no amount of principal or interest on deposits from the public was outstanding as on the date of the Balance Sheet.

## Significant and Material Orders passed by the Regulators or Courts

There are no significant material orders passed by the Regulators /Courts which would impact the going concern status of the Company and its future operations.

## Transfer to Reserves

The Company has not proposed to transfer any amount to the general reserve.

## Risk Management

The Board oversees Company's processes for determining risk tolerance and review management's action and comparison of overall risk tolerance to established levels. The framework is designed to enable risks to be identified, assessed and mitigated appropriately. Major risks identified by the businesses and functions are systematically addressed through appropriate actions on a continuous basis. For details, please refer to the Management Discussion and Analysis report which forms part of this Report.

## Internal Financial Controls

Internal Financial Controls are an integral part of the risk management process, addressing financial and financial reporting risks. The internal financial controls have been embedded and

documented in the business processes. The controls in place include essential components of internal financial controls required under the Companies Act, 2013, as amended from time to time, and also the internal financial controls over financial reporting as per the Guidance Note on Audit of Internal Controls over Financial Reporting as issued by Institute of Chartered Accountants of India.

Assurance on the effectiveness of internal financial controls is obtained through management reviews, continuous monitoring by functional owners as well as testing of the internal financial control systems by the internal auditors during the course of their audits. We believe that these systems provide reasonable assurance that our internal financial controls are designed effectively and are operating as intended.

The Company has in place adequate internal financial controls with reference to financial statements. During the year under review such controls were tested and no reportable material weakness in the design or operation were observed.

### **Human Resources and Industrial Relations**

Your Company's relations with its employees continue to be cordial. Dedicated work by the workmen, supervisors and

executives of your Company made it possible to achieve success under trying and difficult circumstances.

### **Acknowledgement**

The Board of Directors would like to place on record its sincere appreciation for the continued support and guidance received from the banks, financial institutions, statutory and regulatory authorities, Ministry of Corporate Affairs, Stock Exchanges and Depositories for their continued support and guidance. The Board places on record its appreciation to the members of the Company for their continued support and to its valued customers and vendors for their continued patronage. The Board of Directors also wish to place on record its deep sense of appreciation for the committed services by the Company's employees at all levels.

**For and on behalf of the Board**

**Dr. Davuluri Rama Mohan Rao**

Executive Chairman

(DIN: 00107737)

Place: Hyderabad

Date: May 10, 2022

# Annexure-1

## Annual Report on CSR Activities

### 1. Brief outline of the Corporate Social Responsibility (CSR) Policy

The Company's CSR Policy is in alignment with the guidelines provided by the Ministry of Corporate Affairs. It provides for carrying out CSR activities in accordance with the activities specified under the Companies Act, 2013 ('the Act') and any amendments thereof. The Policy is available on the website of the Company, [www.neulandlabs.com](http://www.neulandlabs.com).

### 2. The composition of CSR Committee of the Board:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Humayun Dhanrajgir	Non-Executive Independent Director, Chairman of Committee	3	3
2	Mr. Davuluri Sucheth Rao	Vice Chairman & Chief Executive Officer, member of Committee	3	3
3	Mr. Davuluri Saharsh Rao	Vice Chairman & Managing Director, member of Committee	3	2
4	Dr. Davuluri Rama Mohan Rao	Executive Chairman, member of Committee	3	3
5	Dr. Nirmala Murthy	Non-Executive Independent Director, member of Committee	3	3

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

Ans: [www.neulandlabs.com](http://www.neulandlabs.com)

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

Ans: N.A.

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

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (₹)	Amount required to be setoff for the financial year, if any (₹)
1	2020-2021	17,10,280	12,06,057
<b>Total</b>			

### 6. Average net profit of the Company as per Section 135(5) of the Act: ₹64,45,23,028

7. (a). Two percent of average net profit of the Company as per Section 135(5) of the Act: ₹1,28,90,461  
 (b). Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil  
 (c). Amount required to be set off for the financial year, if any: ₹12,06,057  
 (d). Total CSR obligation for the financial year (7a+7b-7c): ₹1,16,84,404

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

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
1,16,84,404			NIL		

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

1	2	3	4	5	6	7	8	9	10	11		
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the Project		Project duration (in months)	Amount allocated for the project (in ₹)	Amount spent in the current financial year	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of implementation Direct (Yes/No)	Mode of implementation- Through implementing Agency	
				State	District					Name	CSR Registration No.	
1	Safe Drinking Water-Domadugu	(i)	Yes	Telangana	Sangareddy	8	2,97,900	2,97,900	Nil	Yes	NA	NA
2	Safe Drinking Water-Bonthapally	(i)	Yes	Telangana	Sangareddy	4	5,00,000	5,00,000	Nil	Yes	NA	NA
<b>Total</b>							<b>7,97,900</b>	<b>7,97,900</b>				

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

1	2	3	4	5	6	7	8		
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the Project		Amount spent for the project (In ₹)	Mode of implementation Direct (Yes/No)	Mode of implementation- Through implementing Agency	
				State	District			Name	CSR Reg. No.
1	Donation to Society for Cyberabad Security Council, towards distribution of COVID kits	(i)	Yes	Telangana	Hyderabad	20,00,000	No	Society for Cyberabad Security Council	CSR00005045
2	COVID support – (i) distribution of Oxygen concentrators. (ii) distribution of sanitizers, preventive medicines, masks.	(i)	Yes	Telangana	Hyderabad and Sangareddy	35,69,563	Yes	NA	NA
3	Skill building and Education	(ii)	Yes	Telangana	Sangareddy	53,16,941	Yes	NA	NA
<b>Total</b>						<b>1,08,86,504</b>			

**8(d). Amount spent in Administrative Overheads : NA**

**8(e). Amount spent on Impact Assessment, if applicable : NA**

**8(f). Total amount spent for the Financial Year (8b+8c+8d+8e): ₹1,16,84,404**

**8(g). Excess amount for set off, if any,:**

Sl. No.	Particulars	Amount (in ₹)
i.	Two percent of average net profit of the Company as per Section 135(5) of the Act	1,28,90,461
ii.	Total amount spent for the Financial Year	1,16,84,404
iii.	Excess amount spent for the financial year [(ii)-(i)]	-
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
v.	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

**9.1. Details of Unspent CSR amount for the preceding three financial years: ₹67,87,000**

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

1	2	3	4	5	6	7	8	
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed/ Ongoing
NIL								

- 10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):** Not Applicable
- (a) Date of creation or acquisition of the capital asset(s).
  - (b) Amount of CSR spent for creation or acquisition of capital asset
  - (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc
  - (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).
- 11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5) of the Act:** Not Applicable

**For and on behalf of the Board**

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

**For and on behalf of the Board**

**Mr. Humayun Dhanrajgir**  
Chairman of Corporate  
Social Responsibility Committee

# Annexure-2

## BUSINESS RESPONSIBILITY REPORT

[pursuant to regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Corporate Identity Number (CIN) of the Company	L85195TG1984PLC004393
Name of the Company	Neuland Laboratories Limited
Registered address	11th Floor (5th Level), Phoenix IVY Building, Plot No. 573A-III, Road No. 82, Jubilee Hills, Hyderabad, 500033, Telangana,
Website	www.neulandlabs.com
E-mail id	ir@neulandlabs.com
Financial Year reported	April 1, 2021 to March 31, 2022
Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC Code of product/service: 21001 Description: Manufacturing of Active Pharmaceutical Ingredients
List three key products/services that the Company manufactures/provides (as in balance sheet)	Levetiracetam, Mirtazapine, Labetalol/Custom Manufacturing Services
Total number of locations where business activity is undertaken by the Company	International: The Company has two overseas subsidiaries (United States of America, and Japan). The Company has a BD person based in Europe.  National: The Company has 3 manufacturing facilities and one R&D facility in Hyderabad.
Markets served by the Company – Local/State/National/International	The Company serves both International as well as Domestic markets with presence in around 80 countries either through Sales or alliances. Key markets include USA, Europe, Japan, India, APAC, MENA & LATAM

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (INR)	₹ 1,290.05 lakhs
2	Total Turnover (INR)	₹ 95,315.33 lakhs
3	Total profit after taxes (INR)	₹ 6,353.34 lakhs
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	The Company spent 1.84 % of profit after tax of FY 2021-22 towards CSR activities.
5	List of activities in which expenditure in 4 above has been incurred	The Company has undertaken CSR projects during FY 2021-22. The detailed list of activities where the CSR expenditure was incurred is included in the Directors' Report which forms part of this Annual Report.

### SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/Companies?**  
Yes, the Company has two wholly owned overseas subsidiaries.
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s).**  
The parent Company undertakes majority of the BR initiatives.
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**  
The Company does not mandate its suppliers and partners to participate in the Company's BR initiatives. However, wherever applicable, these entities also abide by Company's policies.

### SECTION D: BR INFORMATION

- Details of director/directors responsible for BR**
  - Details of the director responsible for the implementation of BR policy/policies**  
DIN Number : 00108880  
Name : Mr. Davuluri Sucheth Rao  
Designation : Vice Chairman and CEO

**b. Details of the BR head:**

Sl. No.	Particulars	Details
1	DIN Number (if applicable)	00108880
2	Name	Mr. Davuluri Sucheth Rao
3	Designation	Vice Chairman and CEO
4	Telephone No.	040-67611600
5	E-mail ID	dsuchethrao@neulandlabs.com

**2. Disclosures on the nine principles as charted by the Ministry of Corporate Affairs in the “National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business”.**

**a)**

Principle 1	Principle 2	Principle 3
Ethics, Transparency & Accountability <i>Businesses should conduct and govern themselves with Ethics, Transparency and Accountability</i>	Product Life Cycle Sustainability <i>Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle</i>	Employee Well-Being <i>Businesses should promote the well-being of all employees</i>
Principle 4	Principle 5	Principle 6
Stakeholder Management <i>Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized</i>	Human Rights <i>Businesses should respect and promote human rights</i>	Environment <i>Businesses should respect, protect and make efforts to restore the environment</i>
Principle 7	Principle 8	Principle 9
Policy Advocacy <i>Businesses, when engaged in influencing public regulatory policy, should do so in a responsible manner</i>	Equitable Development <i>Businesses should support inclusive growth and equitable development</i>	Customer Value <i>Businesses should engage with and provide value to their customers and consumers in a responsible manner</i>

**b) Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)**

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national/international standards? If yes, specify? (50 words)	The Company is abiding by the various laws while framing the policies, the best practices are taken into account.								
4	Has the policy been approved by the Board? If yes, has it been signed by the MD/Owner/CEO/appropriate Board Director?	The policies have been approved by the Chief Executive Officer and certain policies are approved by the Board.								
5	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Many of the policies are available on the website of the Company <a href="http://www.neulandlabs.com">www.neulandlabs.com</a> and the policies which are internal to the Company are available on the Intranet of the Company.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

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

NA

### 3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. (Within 3 months, 3-6 months, Annually, More than 1 year) - Annually.
- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Business Responsibility Report forms as part of the Company's Annual Report and can be viewed on the website of the Company, <https://www.neulandlabs.com>. The Company has also published Sustainability reports for FY20 and FY21.

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1: Ethics, Transparency and Accountability

#### 1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Company adheres to transparent, fair and ethical governance and firmly believes that good Corporate Governance practices hold the key to raise the long-term value of stakeholders and form an integral part of its business.

The Company has in place, the 'Code of Ethical Conduct' for employees and 'Code of Conduct for Board Members and Senior Management' to promote highest standard of ethical conduct in all of its business activities. The Company encourages its Vendors and other Stakeholders to follow ethical practices throughout their respective operations.

All the policies are extended to the subsidiaries.

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

Other than normal business-related complaints in the ordinary course of the Company's business, no other material complaint has been received from any of the stakeholder in the financial year under report. All the complaints received were satisfactorily resolved.

### Principle 2: Products Life Cycle Sustainability

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

The Company strives to improve its energy and water footprints by reducing the power and fuel consumption on an ongoing basis and continual improvement.

Some of the APIs considered for the same are:

- Escitalopram
- Labetalol
- Donepezil
- Brinzolamide
- Linezolid
- Propofol

Reduction during sourcing/production/distribution usage by consumers (energy, water) achieved since the previous year by following process:

- Replaced the volatile ether solvents as a part of safety concern;
- Used single recoverable solvents in the process in place of multi solvents;
- Avoided the use of triethyl amine which leads to formation of nitroso impurities;
- Reduced the no of operations which saves time and reduce effluents;
- Quantity of Pd/C which is pyrophoric is reduced drastically;
- For all the above-mentioned products, we have done a detailed risk assessment (HazOp studies and HIRA) and implemented all recommendations;

- These activities resulted into safe operations, increased yield, significant inhouse solvent recoveries with a positive impact on the environment. The risk and improvement for opportunities are captured as per ISO 45001: 2018 Standard; and
- Dehydration of solvent by using molecular sieves reduced steam consumption and solvent loss.

**2. Does the Company have a mechanism to recycle products and wastes? If yes, what is the percentage of recycling the products and waste (separately as 10%). Also, provide details thereof, in about 50 words or so.**

The Organization is committed to recycle wastes - both process and non-process without compromising on compliance part.

- All Solvents in the process have been recovered and reused

The initiatives around recycling are:

- Purifying solvent streams coming out from the manufacturing process and recycling back in the process by providing process to Manufacturing.
- Mixed spent solvent generated (which cannot be separated/purified) is sent to thinner manufacturing industry for use as raw material.

**Principle 3: Employee Well-Being**

**1. Please indicate the Total number of employees.**

As on March 31, 2022, there were 1,521 employees in the Company.

**2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.**

The total number of employees hired on temporary/contractual/casual basis is 1,031 as on March 31, 2022.

**3. Please indicate the Number of permanent women employees.**

The total number of permanent women employees is 115 as on March 31, 2022.

**4. Please indicate the Number of permanent employees with disabilities**

The Company has two permanent employees with disabilities as on March 31, 2022.

**5. Do you have an employee association that is recognized by management?**

Yes

**6. What percentage of your permanent employees is members of this recognized employee association?**

7.56%

**7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

Nil. The Company does not employ any child labor. No case of sexual harassment at workplace was reported during the FY2021-22.

**8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year? (a) Permanent Employees (b) Permanent Women Employees (c) Casual/Temporary/Contractual Employees (d) Employees with Disabilities**

	Safety Training	Skill up-gradation training
(a) Permanent Employees	100%	100%
(b) Permanent Women Employees	100%	100%
(c) Casual/Temporary/Contractual Employees	100%	-
(d) Employees with Disabilities	100%	100%

**Principle 4: Stakeholder Management**

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

Yes. The Company has mapped its internal and external stakeholders.

**2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?**

Yes. The Company identifies underprivileged communities around its business locations as disadvantaged, vulnerable and marginalised stakeholders and continuously engages with all such stakeholders identifying their needs and priorities so as to serve their needs accordingly. The systems and processes are in place to systematically identify stakeholders and for understanding their concerns and for engaging with them is reviewed on a monthly basis.

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

Yes. The Company focuses on serving disadvantaged, vulnerable and marginalized stakeholders in core areas near to its manufacturing facilities through various CSR initiatives. The Company, undertakes dedicated activities as a part of its CSR initiatives for the disadvantaged, vulnerable and marginalized stakeholders in and around the Company's facilities.

The Company acknowledges the importance of skill development in this competitive environment and currently has more than 50 apprentices in our manufacturing and R&D locations with the motto of developing technical skills amongst chemistry students from economically backward districts in the region. More than 30 students of the Apprentice Scheme who were inducted have been absorbed for full time employment on Company's rolls on successful completion of apprenticeship .

The Company also pursues other local community assistance programmes in and around its manufacturing facilities and office locations.

Through hands on partnership with regulatory authorities, the Company has given donations for Covid related activities and supported the government task force through supply of oxygen concentrators, masks, sanitizers and medicines for government hospitals in and around Sangareddy district.

As a part of village infrastructure development, we have committed construction of water tank for the marginalized communities of Bonthapally village, with an objective to meet drinking water requirements of the marginalized communities residing in Bonthapally village .

**Principle 5: Human Rights**

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

The Company's policy extends to its subsidiaries.

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

There have been no complaints regarding violation of human rights.

**Principle 6: Environment**

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

The policy is applicable within the Organization and we also ensure that contract staff deployed on our premises are equally part of safety induction trainings. The Company conducts vendor audits to ensure compliance with environmental norms.

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

The Company has taken up initiatives to address global environmental issues. The approach includes enhanced solvent recovery and water conservation through water management principles (reduce, recycle, reuse), etc. Environmental Compliance report is also being submitted to the regulatory authority as per the stipulated timelines.

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

Yes, the Environmental risk assessment is being done on periodical basis and all risks identified are complied.

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

No.

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

The Company has undertaken number of initiatives including-

- Installation of IE 3 motors, for premium efficiency and help reduce CO2 levels .
- Automation implemented for utilities to reduce the power consumption as well as improve efficiency.
- Capacity banks connected, helped in maintaining power factor closer to unit.
- 10% power saving achieved by implementing these initiatives.

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

Yes, all emissions and wastes generated by the Company are well within the limits given by CPCB and state PCB for the financial year reported.

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

During the FY 2021-22, the Company has not received any show cause/legal notices from CPCB/SPCB.

**Principle 7: Policy Advocacy**

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

Yes. The Company is a member of various trade/industry associations such as Federation of Telangana Chambers of Commerce and Industry (FTCCI), Bulk Drug Manufacturers Association (India) (BDMA), Pharmaexcil and, Confederation of Indian Industry (CII).

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

Yes. The Company has participated in advocating matters relating to advancement of the industry and public good in the areas of sustainable product development, environmental impact management, women safety, security and CSR, through industry associations and initiatives with local government authorities.

**Principle 8: Equitable Development**

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

Yes. For more details on our CSR Initiatives, please refer Annexure 1 to the Directors' Report.

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

The CSR initiatives are undertaken/closely monitored by the in-house team, in close collaboration with local Governments and grants may be provided to trusts/NGOs doing impactful work for the marginalized sections of the society.

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

The Company undertakes impact assessments of projects under implementation for ensuring their desired impact and continued sustenance. The impact assessment is also discussed in the CSR committee.

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

This information has been provided under CSR Report of the Company. The total amount spent in the financial year under report is ₹ 1,16,84,404.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

**Please explain in 50 words, or so.**

All the community development initiatives are planned based on need assessment studies done with target communities to make sure projects are successfully adopted by the community.

**Principle 9: Customer Value**

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

There are no pending complaints. The complaints were handled timely as per the internal SOP and responded to customers.

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)**

Yes, all the relevant product information such as name and grade of the product, batch number, manufacturing date, re-test date, quantity, manufacturer's details, storage and handling instructions, precautionary/hazard statements, disposal procedures etc., are provided on the labels.

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

No

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

Yes, customer feedback is taken and evaluated periodically. In the current year the Company conducted survey for Generic Drug Substances (GDS) customers and a series of surveys for Customs Manufacturing Solutions (CMS) Customers.

# Annexure-3

## FORM - A

Disclosure of particulars with respect to conservation of energy (to the extent applicable)

### A. Conservation of energy

i. the steps taken or impact on conservation of energy:

During the course of the year, the Company has invested in infrastructure to improve energy efficiency and conserve energy. Some of the steps are listed below:

- Automatic Power Factor Correction Systems installed at Main Power Control Centres and Utilities to improve the Power Factor
- KVAR EC Units installed at Chillers and Air Compressors to improve the Power factor and maintain the required Voltages
- Pressure Transmitter and VFD's installed to RT Pumps, Primary pumps and Secondary pumps which will control the VFD RPM/HZ's as per required pressure and reduce Power Consumption
- Condensate Recovery Systems implemented to collect the Hot water and vapours from condensate lines which will lead to reduction in coal and power consumption
- Auto Matic Tube Cleaning system installed to Brine chiller, which will improve the efficiency of the chiller
- Temperature Closed Loop Operation System interlinked with Chillers and Its Primary Pumps
- Replacing Old Air Conditions with 5 Star rated inverter type Air Conditioning systems
- Arresting Leakages in Air, Steam, HVAC and Refrigeration Systems
- Effimax system for Boilers to improve the Boiler efficiency by controlling the ID, FD fan operations, automatic blowdown and maintain the Oxygen percentage

ii. the steps taken by the Company for utilising alternate sources of energy: The Company is evaluating options, but so far none of the options have met our criteria

iii. the capital investment on energy conservation equipments: The Company has invested around ₹ 88 lakhs on equipment for energy conservation.

iv. Power and Fuel Consumption:

	2021-22	2020-21
1. Electricity		
a. Purchased		
Unit in lakhs (kWh)	416	286
Total Amount (₹ in lakhs)	2,847	2,182
Rate/Unit (₹ /kWh)	6.84	7.63
b. Own generation (Unit in lakhs) kWh	7.9	4.9
(Through Diesel Generator)		
Units per litre of Diesel Oil	3.0	2.9
Cost/Unit (₹/kWh)	31.5	25.3
2. Coal		
Quality "C" Grade used in Steam Boiler		
Quantity (Tonnes)	14,432	14,289
Total cost (₹ in lakhs)	984	845
Average rate (₹ /Tonne)	6,815	5,916

## FORM - B

### B TECHNOLOGY ABSORPTION

i. Efforts made towards technology absorption:

The Company has a full-fledged R&D division continuously engaged in research on new products and process improvement on existing products as part of continuous improvement. As a part of technology absorption and adoption, once technology is developed for a product, it is tested in a pilot plant and thereafter commercial production is performed. Innovation is embarked by an incremental approach towards cost, time, quality and complex product development by adopting cutting edge technology and our philosophy is to continuously upgrade the technology.

ii. Benefits derived like product improvement, cost reduction, product development or import substitution:

• **CMS division project details for the FY 2021-22**

Projects details	No. of projects
Total projects completed by CMS	60
Under progress CMS projects	35

• **Neuland filed DMF's details for the FY 2021-2022**

USDMFs

Sl. No.	DMF No.	SUBJECT
1.	036341	Tafamidis Meglumine
2.	036451	Aripiprazole Monohydrate (Sterile)
3.	036450	Vilanterol Trifenatate
4.	036946	Linezolid USP (Process-II)
5.	036947	Elagolix Sodium

Europe – 15 Filings for 6 products in different geographies

ANVISA, Brazil – 4 Filings

ROW – 18 Filings for 11 products across geographies

• **Neuland GDS ongoing project details for the FY 2021-22** – 9 Projects ongoing

**Life cycle management of the existing manufacturing processes for APIs resulted in lower production costs, reduced cycle times, and customer retention.** – 3 Projects completed during the year with another 7 on going

• Neuland has filed 8 patent applications in which 7 were in India and 1 in PCT for the FY 2021-2022.

• Neuland has received "IP Facilitator of the year for excellence and Innovation" from ASSOCHAM.

iii. Expenditure on R&D:

	(₹ in lakhs)	
	2021-22	2020-21
Capital	863.00	178.11
Recurring	2,772.30	2,106.58
<b>Total</b>	<b>3,635.30</b>	<b>2,284.69</b>

### C Foreign Exchange Earnings and Outgo

Foreign exchange earned in terms of actual inflows and foreign exchange outgo in terms of actual outflows during the year ended March 31, 2022:

- Foreign exchange earned in terms of actual Inflows ₹ 68,579.85 lakhs.
- Foreign exchange outgo in terms of actual Outflows ₹ 16,127.76 lakhs.

# Annexure-4

## Particulars of Remuneration

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The information required under Section 197 of the Act and the Rules made there-under, in respect of employees of the Company, is follows:

- i. the ratio of the remuneration of each director to the median remuneration of the employees of the Company and percentage increase in remuneration of for the financial year

Sl. No.	Name of the Directors and Key Managerial Personnel	Ratio of remuneration to median remuneration of employees	% increase/decrease in remuneration over previous year <sup>(1)</sup>
1.	Dr. D. R. Rao <sup>2</sup> (Executive Chairman)	41.74	20.77%
2.	Mr. D. Sucheth Rao <sup>2</sup> (Vice Chairman & CEO)	36.53	21.93%
3.	Mr. D. Saharsh Rao <sup>2</sup> (Vice Chairman & MD)	36.53	21.93%
4.	Mr. Humayun Dhanrajgir (Non-Executive Director)	2.28	14.74%
5.	Mr. P.V. Maiya (Non-Executive Director)	1.71	2.50%
6.	Dr. Christopher M. Cimarusti (Non-Executive Director)	1.57	7.14%
7.	Mrs. Bharati Rao (Non-Executive Director)	2.23	11.46%
8.	Dr Nirmala Murthy (Non-Executive Director)	2.15	9.57%
9.	Mr. Homi Rustam Khusrokhhan (Non-Executive Director)	2.15	11.96%
10.	Dr. Will Mitchell <sup>3</sup> (Non-Executive Director)	NA	NA
11.	Mr. Deepak Gupta <sup>4</sup> (Chief Financial Officer)	NA	NA
12.	Ms. Sarada Bhamidipati <sup>5</sup> (Company Secretary & Compliance Officer)	NA	18.21%

<sup>1</sup> Changes in the remuneration paid to non-Executive Directors, reflect increase/decrease in the sitting fees paid based on the number of meetings compared to previous year and also increase in provision for commission.

<sup>2</sup> The provision for commission (profit-based) for the FY 2021-22 has not been considered to make it comparable.

<sup>3</sup> Ceased to be director due to demise on December 6, 2021, hence not comparable.

<sup>4</sup> Remuneration in FY2021 was paid for part of the year, hence not comparable.

<sup>5</sup> includes one-time bonus payment.

- ii. the median remuneration of the employees has increased by 9.28%
- iii. the number of permanent employees on the rolls of Company as on March 31, 2022 was 1,521.
- iv. Average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Increase in remuneration is based on remuneration policy of the Company.

- v. The Company affirms that the remuneration paid is as per the Remuneration Policy of the Company for Directors, Key Managerial Personnel and Employees.
- vi. The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company during business hours on working days of the Company up to the date of the forthcoming Annual General Meeting. Any member interested in obtaining a copy of the same may write to the Company Secretary.

# Annexure-5

## FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014).

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms' length transaction under third proviso thereto.

### 1. Details of contracts or arrangements or transactions not at Arm's length basis:

There were no contracts or arrangements or transactions entered into during the financial year ended March 31, 2022, which were not at arm's length basis.

### 2. Details of contracts or arrangements or transactions at Arm's length basis:

Name of the Related party and nature of relationship	Duration of contract	Salient terms	Date of approval by Board, if any	Amount paid (₹ in lakhs)	Amount paid as advances, if any
Dr. Christopher M Cimarusti Non-Executive Non-Independent Director	5 years from May 20, 2021- Ongoing	Refer Note 1	May 11, 2021	Nil	-
Mrs. Vijaya Rao Relative of Key Managerial Personnel	5 years from July 1, 2019-Ongoing	Refer Note 2	16 May 2019	79.20	-
Mr. Davuluri Sucheth Rao, Vice Chairman & Chief Executive Officer	5 years Refer Note 3	Refer Note 3	11 Feb 2020	125.34	-
Mr. Davuluri Saharsh Rao Vice Chairman & Managing Director	5 years Refer Note 3	Refer Note 3	11 Feb 2020	125.34	-

**Note 1:** The members had, at the Annual General Meeting held on July 7, 2021, approved a consultancy fee of USD 2,500 per day (net of taxes) for each day spent at the Company's facilities to Dr. Christopher M Cimarusti.

**Note 2:** The Company had renewed the three separate Lease agreements with Mrs. Vijaya Rao effective July 1, 2019 and the terms and conditions of the Lease Agreements dated July 1, 2014 remained unchanged. Under each agreement, the Company is required to pay lease rentals of ₹1.50 lakhs per month and ₹10,000/- towards amenities and maintenance charges from the original date of the agreements, i.e., July 1, 2014, subject to an annual increase by 5%.

**Note 3:** The Company had entered into a Lease Deed with Mr. Davuluri Sucheth Rao and Mr. Davuluri Saharsh Rao ("Lessors"), for office space to be used by the Company, for a period of 5 years w.e.f. August 7, 2020. As per the terms of the Lease Deed, the Company is required to pay lease rentals of ₹ 79/- per sqft. per month for area admeasuring 25611.05 sqft amounting to ₹ 20.23 lakhs per month equally to Mr. D. Sucheth Rao and Mr. D Saharsh Rao, subject to an annual increase by 5%

All the above transactions were entered by the Company with Related Parties in the ordinary course of business at prevailing market rates.

For and on behalf of the Board

**Dr. Davuluri Rama Mohan Rao**  
Executive Chairman  
(DIN: 00107737)