neuland

The Neuland Promise

QUALITY
SAFETY
SUSTAINABILITY

2024-25 | Integrated Report

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To download this report, please visit: www.neulandlabs.com

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Forward-looking Statements

Certain statements in the Report are forward-looking. These include statements other than historical facts, including those on financial position, business strategy, management plans and objectives for future operations. Such statements include words such as 'believes', 'expects', 'may', 'will', 'plans', 'outlook' etc. regarding future operational/financial performance.

These are based on reasonable assumptions/data/that may be incorrect/imprecise and, not intended to be a guarantee of future.

Actual results could differ materially due to various factors. We neither assume any obligation nor intend to update/revise any forward-looking statements, as a result of new information/future events or otherwise.

About **Our Report**

Introduction

We are pleased to present our second Integrated Annual Report for FY 2024-25, prepared in line with the International Integrated Reporting Framework, now under the IFRS Foundation. This report aims to communicate Neuland's ability to create sustainable value over the short, medium, and long term.

Through this report, we offer a holistic view of our business – capturing both quantitative and qualitative aspects – to help stakeholders understand how we operate and grow. It also reflects our culture, strategy, and performance in delivering long-term value responsibly, while mapping our annual environment, social, and governance (ESG) efforts in alignment with global benchmarks.

Reporting Cycle

April 1, 2024 to March 31, 2025

Reporting Guidelines and Framework

Our integrated reporting process is guided by the principles and content elements of the IFRS Foundation. To maintain transparency and credibility, we have adhered to external standards, including the Global Reporting Initiative (GRI). Our GRI Index at the end of the report provides a reference to the information in the document and where disclosures are not provided, the reasons for the same are mentioned.

This report is also aligned with the UNGC and the United Nations Sustainable Development Goals. The information in the report is structured around our priorities and the major topics that our stakeholders have highlighted.

The financial and statutory information contained in this report is in compliance with the requirements of the Companies Act, 2013, Indian Accounting Standards, Secretarial Standards, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and other applicable laws and regulations.

Reporting Boundary

The report highlights our Company's performance across six capitals. The data points cover operations globally, unless specified otherwise. It highlights the environmental, economic and social commitments, efforts and performance across all five locations of the Company during FY 2024-25. The difference between standalone and consolidated financials is negligible; therefore, all information in this report is presented on a standalone basis, except wherever it is specifically mentioned. Any corrections or updates to past ESG data have been restated in the relevant sections, with reasons provided.

Responsibility Statement

The data and disclosures in the Report are internally reviewed by the management to ensure completeness and relevance. The Board believes that this Report is a fair representation of the Company's financial, non-financial, sustainability and operational performance and addresses all material topics relevant to the Company for FY 2024-25. The Board acknowledges that the contents of this Report have been prepared by the respective functions and businesses under the guidance of the senior management.

Assurance

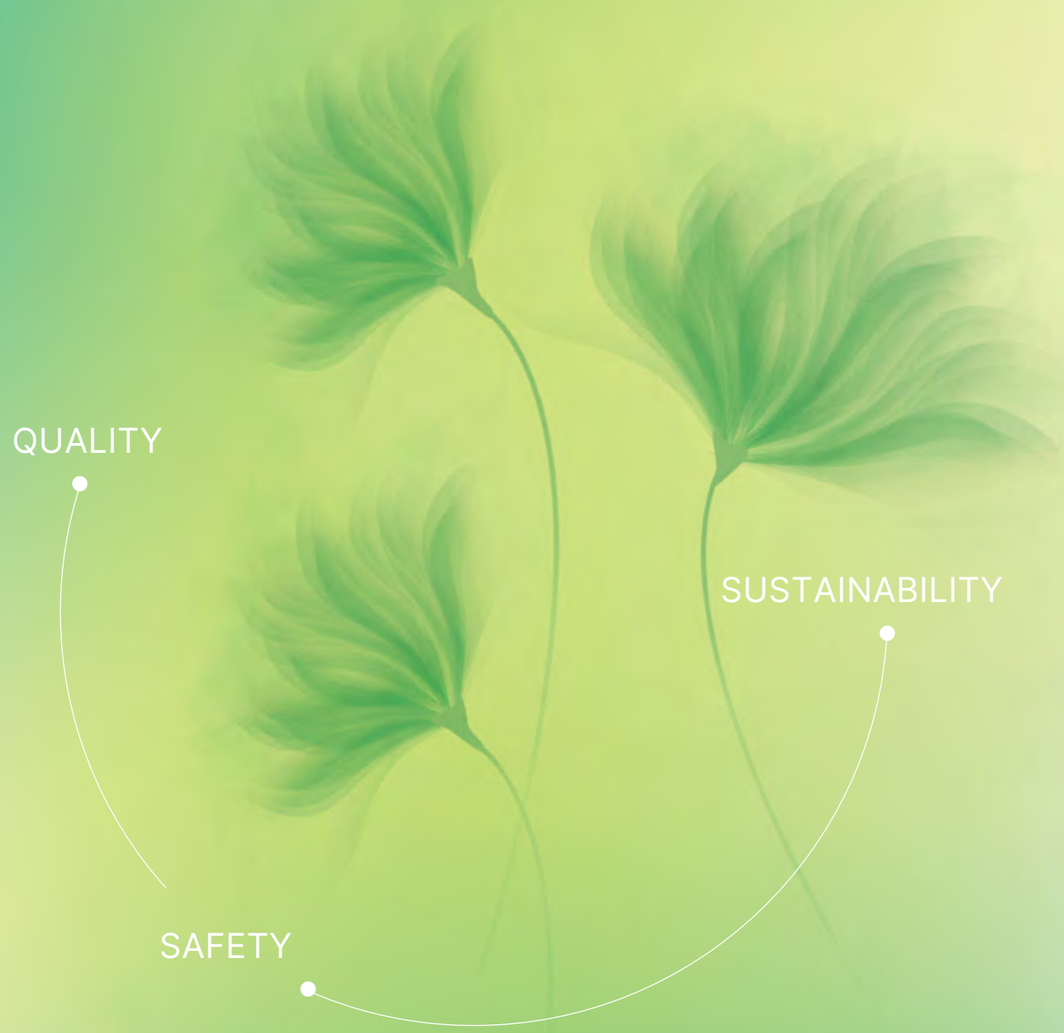
The financial information has been audited by M/s. M S K A & Associates, while M/s. P.S. Rao & Associates, practicing Company Secretaries, have reviewed compliance with various laws, regulations and procedures. TUV India Private Ltd has provided reasonable assurance for certain metrics associated with the Global Reporting Initiative (GRI) framework and related ESG information.

Feedback and Queries About this Report

Stakeholder insights and perspectives are essential to successful implementation of our policies and priorities. We value our shareholder and stakeholder engagement efforts and consider them an integral part of our commitment to sustainable performance.

To share any concerns or suggestions, reach us at: ir@neulandlabs.com

The Neuland Promise



In the pharmaceutical industry, quality, safety, and sustainability are the cornerstones of differentiation. Partners who uphold uncompromising standards, ensure safe processes, and adopt environmentally responsible practices earn long-term trust. These principles drive customer loyalty and form the bedrock of sustained success.

The Neuland Promise
Built on earned trust and proven reliability.

Quality and customer-centricity have always been foundational to the Company, alongside an unwavering emphasis on integrity and safety.

As we continue to evolve in anticipation of customer needs, our core beliefs and business fundamentals remain firmly intact, guiding every step forward.

We improved our first-time-right performance on product scale-ups, enhanced project governance, and strengthened cross-functional execution. Our Unit-III was awarded the prestigious Sword of Honour by the British Safety Council – a distinction earned by few. We continued to build a strong compliance track record, completing regulatory and customer audits with no critical observations.

We strengthened our ESG performance and Neuland was featured in S&P's Sustainability Yearbook for a second year, placing us among a select group of Indian companies in the Pharma/Biotech/Lifesciences services domain. These recognitions are not endpoints, rather form a baseline to further embed this philosophy across the organisation, from leadership to the very last person.

This promise comes to life through our strategy. We are investing in technologies that matter to our customers and set us apart. We are focussed on operational excellence, deeper customer partnerships, and digital transparency. We are building a world-class talent pipeline and expanding into high-value, complex therapeutic spaces.

And all of this is underpinned by a refreshed vision – creating a healthier world – and values that shape how we think, work, and lead: innovation, transparency, agility, accountability, and empathy.

Because at Neuland, how we deliver matters just as much as what we deliver.

This is how we create value. This is how we build for the future.

This is the **Neuland Promise.**

Performance Highlights

FINANCIAL

₹ 1,497 crore
Total Income
(₹ 1,571 crore FY 2023-24)

₹ 343 crore
EBITDA
(₹ 474 crore FY 2023-24)

₹ 259 crore
PAT
(₹ 300 crore FY 2023-24)

OPERATIONAL

First Peptide DMF filing

97 active CMS projects, up from 88 last year

360+ scientists in R&D

Unit-III awarded the Prestigious Sword of Honour by the British Safety Council

Completed construction of a new production block at Unit-III

Initiated investments in a new, state-of-the-art, multi-modular, peptide facility, automated through DCS* at Unit-I

* Distributed Control System

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

SBTi successfully filed.
LCA for one product completed

Biodiversity risk assessment and water studies conducted, and actions underway

Green Chemistry: Validated 2 products successfully for conversion of solvents to water-based solutions

99.9% of total waste recycled or reused

15.5% of women hires in FY 2024-25, aligned to short-term goals

30,000+ lives impacted through CSR interventions

S&P ESG rating improved to 70, up from 64
EcoVadis silver rating with a percentile score of 91
CDP ratings obtained with A- for water and C for Climate

ABOUT NEULAND

Trust-Built. **Purpose**-Driven. **Progress**-Focussed.

Built on a foundation of excellence and trust, we are committed to creating a healthier world – through quality-driven solutions, safe operations, sustainable practices, and enduring partnerships.

Established in 1984, Neuland Laboratories is a leading, global active pharmaceutical ingredient (API) manufacturing and development organisation that caters to the pharmaceutical and biotech industry's chemistry needs. Right from synthesis of pre-clinical compounds to supplying New Chemical Entities (NCEs) and advanced intermediates at various stages in the clinical life cycle, as well as commercial & generics, we offer agile and flexible API manufacturing and development services for small molecules and peptides.

We are headquartered in **Hyderabad, India**.

We focus on differentiating ourselves through strategic investments in capabilities and technologies that provide value to our customers. Our approach remains centred on operational excellence, established customer relationships founded on delivery, reliability, and a comprehensive understanding of our customer needs. Additionally, we are expediting digital transformation to improve agility, fortify compliance, and enrich stakeholder experience.

We are committed to conducting business responsibly – every day, in the right manner. Environmental, social, and governance (ESG) principles are integrated into our operations, encompassing resource efficiency, climate initiatives, ethical practices, supply chain sustainability, employee wellness, and enterprise risk management.

BUSINESS VERTICALS

Generic Drug Substances (GDS)

Manufacturing of generic, non-exclusive APIs and intermediates

Custom Manufacturing Solutions (CMS)

Contract development and manufacturing of NCE APIs and advanced intermediates for small molecules and peptides

FAST FACTS

41+
Years of experience

80+
Countries Served

3 cGMP
Manufacturing facilities

82%
Revenue from exports

1,174 KL
Manufacturing API manufacturing capacity

72
Active US DMFs

988
Filings worldwide

100+ APIs
across 10 diverse therapeutic areas

1,794
Employees

360+
Scientists in R&D

OUR VISION AND VALUES

At Neuland, we have refreshed our Vision and Values to reflect on who we are today and where we are headed. These statements align with our transformation journey – creating a healthier world not just today, but for decades to come.

Our Vision
– Creating a Healthier World

Our vision is to create a healthier world through sustainable practices, trusted partnerships, and agile collaboration.

We partner with leading innovators to create breakthroughs that address unmet medical needs. We also work with companies to improve access to essential drugs, reducing costs and broadening availability. In addition, we contribute to a healthier world through practices that benefit our employees, suppliers, the environment, and communities – including initiatives spanning governance, biodiversity, women's empowerment, and rural development.

CORE PILLARS OF OUR VISION

Sustainable Practices | **Trusted Partnerships** | **Agile Collaboration**

It Starts with Sustainability

The path to our mission begins with sustainability, viewed through a broad lens. Corporate sustainability must encompass both environmental stewardship and long-term business viability – and the good news is that these goals are compatible. For example, by designing flexible, multi-product manufacturing plants, we reduce the need for new construction, conserving resources and saving costs.

Operationally, we are reducing waste and emissions, guided by external audits, while promoting a safe, positive workplace. We collaborate with suppliers to embed sustainable practices across the value chain, ensuring a resilient supply chain that supports our operations and customers.

Rooting Partnerships in Trust

Partnerships are integral to our model as a provider of APIs and contract manufacturing services. Achieving our vision of supporting patients begins with our customers – by earning their trust, collaborating as partners, and consistently delivering high-quality products.

Strong relationships with suppliers ensure consistent input quality, while transparent governance builds investor confidence. Employees are also important partners – aware that their work affects patient health and outcomes directly.

Agility and Collaboration

Agility and collaboration are embedded in our culture. Our ability to respond swiftly to changing customer needs enables the development of new therapies in partnership with global pharmaceutical leaders. This agility ensures customer success and drives our mission forward.

Our Values
– The Neuland Way

Our new Vision is grounded in five core values that define our culture and approach:

Innovation | **Transparency** | **Agility** | **Accountability** | **Empathy**

Innovative in Everything We Do

In a pharmaceutical development company like ours, innovation is foundational. Our scientists and engineers continuously refine chemical pathways, create alternative manufacturing processes, and address complex specifications. Creative problem-solving is at the heart of their work.

But innovation goes beyond R&D. It improves efficiency across departments – whether in finance, HR, or marketing – and helps us remain forward-looking in a fast-evolving industry.

Transparent and Open in Our Communication

Transparency permeates every layer of our operations. It fosters external trust with customers and investors, and strengthens internal bonds among teams. By openly sharing setbacks, we nurture a culture of problem-solving. Constructive feedback helps us grow and collaborate more effectively.

Agile in Our Execution

Agility is a reflection of our customer-centric approach. Instead of doing what's convenient, we prioritise customer needs – working collaboratively to deliver tailored, first-time-right solutions. Our robust planning enables us to pivot quickly when needed, ensuring we meet and exceed expectations.

Accountable for Our Delivery

Accountability underpins all our values. It ensures precise alignment between corporate strategy, team goals, and individual responsibilities. Every team member plays a vital role in our success.

Accountability is a reflection of our integrity and commitment to excellence – doing the right thing and upholding best-in-class standards.

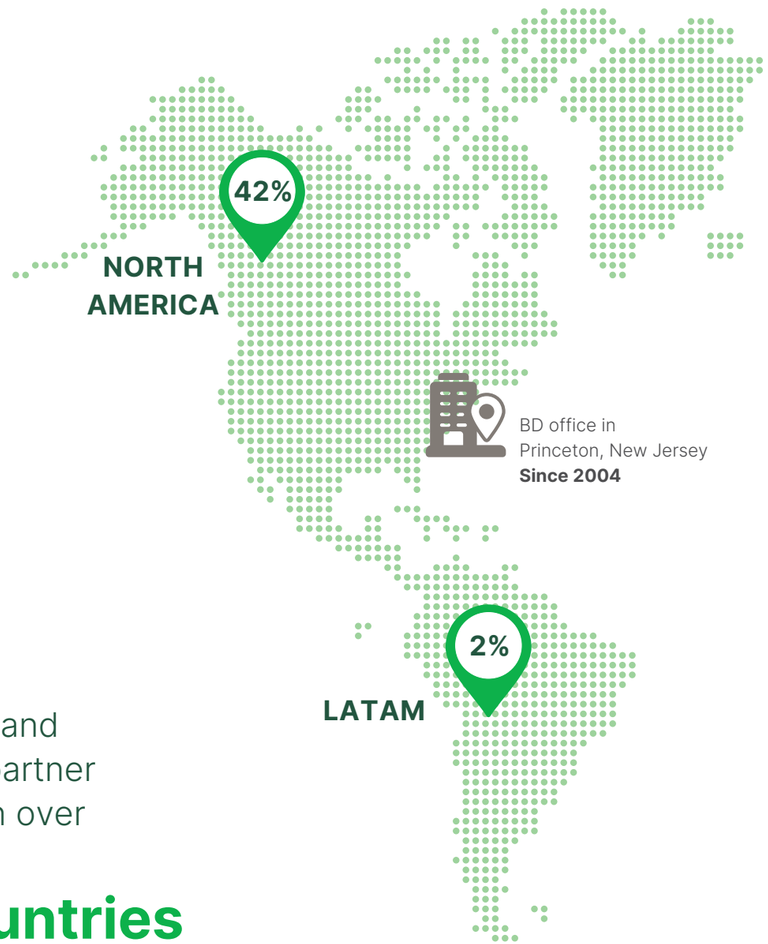
Empathy in All Our Interactions

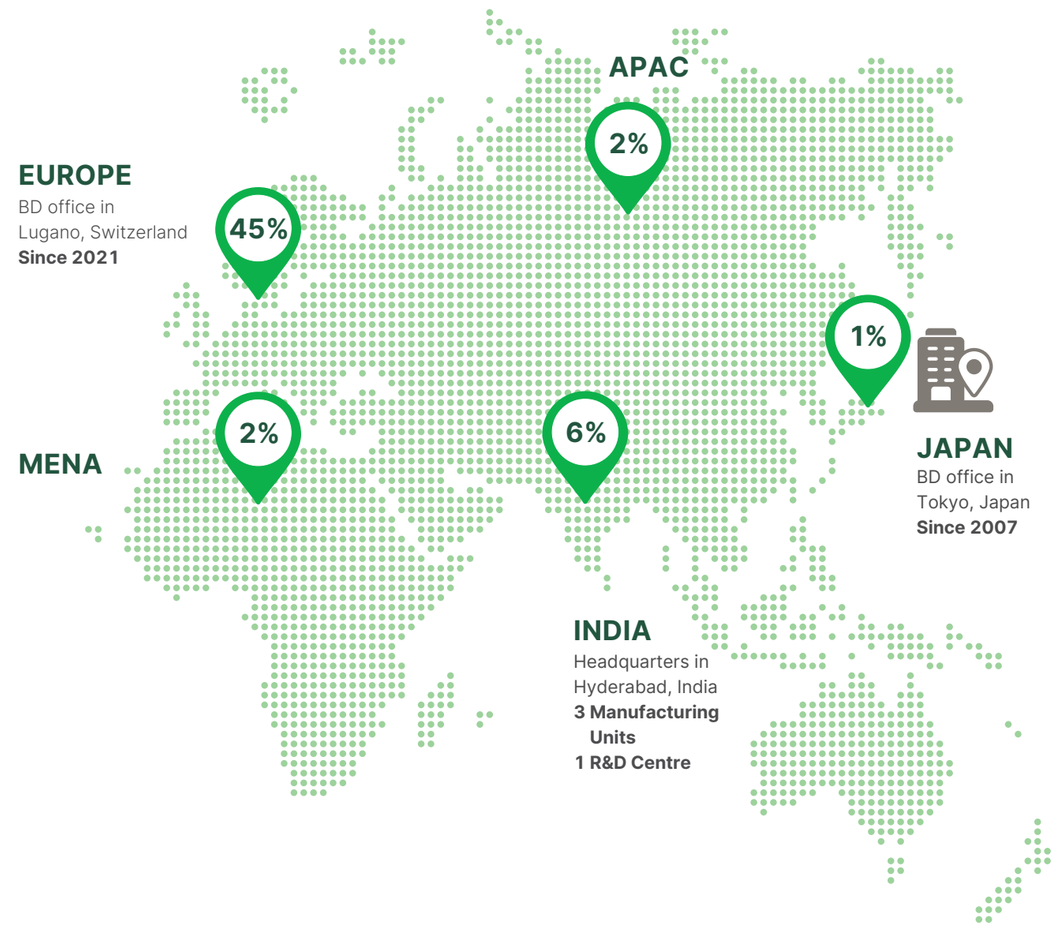
In a competitive industry, empathy might seem unexpected – but for us, it's essential. By placing empathy at the heart of our values, we create a culture of care – for customers, colleagues, suppliers, patients, and the planet.

We listen, understand, and respect different perspectives, enabling us to deliver meaningful solutions and build a positive work environment that fosters excellence.

GLOBAL PRESENCE

Expanding Worldwide





Manufacturing and Development partner to customers in over

80 Countries

Based on FY 2024-25 End-Market revenues

Note: Map is an illustrative depiction, not to scale

REGULATORY FILINGS ACROSS GEOGRAPHIES

72
DMFs with the USFDA

17
DMF filed with China

~499
EUDMF filings across Germany, France, Poland and Italy etc.

988
Filings worldwide

32
Filings with Health Canada

25
Filings with KFDA Korea

10
Japanese DMF filed

28
Filings with TGA

274
ROW filings, including Turkey, Mexico, Brazil etc.

31*
CEPs received for different products

OUR SUSTAINABILITY AFFILIATIONS AND ACCREDITATIONS

British Safety Council – Five Star Occupational Health and Safety Audit

CDP

EcoVadis – Silver | Top 15% – Sustainability Rating – MAR 2025

S&P Global Ratings

United Nations Global Compact

ISO

** The numbers reflect the number of filings, the number of active filings could vary as geographic filings are merged and changes in product portfolio*

OUR BUSINESS

Generic Drug Substances

With a strong focus on complex chemistry, regulatory compliance, and consistent delivery, Neuland is recognised as a trusted global API partner to leading generic pharmaceutical companies.

Since inception, the development and manufacture of non-exclusive APIs has been the cornerstone of our business. We offer agile, scalable manufacturing backed by over four decades of experience and a broad portfolio of over 100 APIs. Our Process Investigation Department (PID) plays a key role in reducing total cost of ownership for customers through continuous process optimisation.

GDS SEGMENTS

Prime APIs

Large-volume, mature molecules

11
Prime APIs

Specialty APIs

Low-volume, complex molecules with limited competition

47
Specialty APIs

KEY STRENGTHS

01 Expertise in niche and complex chemistry

02 High consistency in quality and delivery timelines

03 Infrastructure capacity from 100 grams to hundreds of tonnes

04 Broad global presence supported by robust project management systems

05 Non-competing business model with no presence in finished formulations

06 Globally compliant operations with strong EHS track record

KEY NUMBERS

41 years
API experience

300+ APIs
processes developed

100+ APIs
across 10 therapeutic areas

204+ API
patents filed

988
Filings worldwide

80+ countries
Customer base

FY 2024-25 HIGHLIGHTS

FILED 5 NEW DMFs

CONTINUED EXPANSION OF SPECIALTY API PIPELINE

IMPROVED DELIVERY PERFORMANCE THROUGH PROCESS ENHANCEMENTS

CONTRIBUTION TO REVENUE

33%
Prime APIs

18%
Specialty APIs

LOOKING AHEAD

We aim to expand our specialty API portfolio while further optimising manufacturing processes and strengthening our position in key commercial molecules.

OUR BUSINESS

Custom Manufacturing Solutions

Providing integrated chemistry services with speed, reliability, and regulatory rigour, our Custom Manufacturing Solutions (CMS) vertical supports the development and manufacture of New Chemical Entity (NCE) APIs for biotech and pharmaceutical innovators.

Our CDMO capabilities span the full drug development lifecycle – from pre-IND stages and clinical trial supplies to commercial-scale manufacturing. We have particular expertise in supporting biotech companies, guiding their molecules through scale-up from pre-clinical to Phase III with minimal tech transfer timelines.

CDMO SERVICES

- Design and development of manufacturing processes
- Process optimisation and scale-up
- cGMP manufacturing of RSMs/KSMs/intermediates and APIs for clinical and commercial supply
- Regulatory support including IND and NDA filings
- Solid state characterisation and pre-formulation support

SPECIALISED CHEMISTRY EXPERTISE

- Synthetic portion of fermented molecules
- Deuterated molecules
- Solution-phase, solid-phase and hybrid peptide technologies
- Cyanation, hydrogenation, bromination, cryogenic reactions
- Carbohydrate and heterocyclic chemistry
- Chiral compounds and organometallic carbon-carbon bond formation
- Cyclic and PEGylated peptides

KEY STRENGTHS

01 Proven expertise in complex chemical development and scale-up

02 State-of-the-art R&D centre and cGMP-compliant facilities

03 Agile tech transfer with minimal lead time

04 Strong project management and regulatory support

KEY NUMBERS

18 years
of experience in CDMO services

4
NDAs supported and approved

97
active CMS projects

25
IND filings supported

FY 2024-25 HIGHLIGHTS

CMS REVENUE DRIVEN BY COMMERCIAL AND LATE-PHASE MOLECULES

SIGNIFICANT INCREASE IN EARLY-STAGE PROJECT INFLOW DRIVEN BY INTEREST FROM BIOTECH COMPANIES

CONTRIBUTION TO REVENUE

43%
CMS Business

LOOKING AHEAD

We aim to build deeper relationships with global biotech innovators by expanding our capabilities in emerging modalities, such as peptides and deuterated molecules. The focus remains on becoming the CDMO of choice for complex, high-value programmes.

OUR JOURNEY

Driven by Purpose, Defined by Progress

LAYING A STRONG FOUNDATION 1984-2003

1984 Incorporated

1986 First API sale of Salbutamol Sulphate/ Albuterol Sulphate

1994 Neuland goes public

1997 First US FDA audit

2004 US operations commenced

2007 Subsidiary established in Japan

2008 R&D centre established; EDQM audit of Unit-I

2009 First NCE approval from PMDA, Japan

DEEPENING OUR CAPABILITIES 2004 - 2012

INCREASED SUSTAINABLE GROWTH 2013 - TODAY

2013 Strategic alignment towards niche APIs and Custom Manufacturing Solutions

2016 R&D facility approved by USFDA

2017 Among the first three API facilities in India audited by CFDA (Unit-I); EDQM audit of Unit-II

2018 Acquisition of advanced intermediates and API facility

2019 Increased CMS project inflow from Japan; emphasis on supply chain de-risking

2020 Over ₹ 100 M revenue from 75+ live CMS projects; USFDA audit of Unit-II

2021 Unit-III commercialised with 320 kL reaction volume

2023 Revenue crossed ₹ 1,000 crore; USFDA audit of Unit-III; EDQM audit of Unit-I

2024 USFDA audit of Unit-I completed with Zero 483 observations

Message
from Executive Chairman

WE CONTINUE TO MAKE PROGRESS ON THE PEOPLE FRONT WITH EMPHASIS ON BUILDING DEPTH IN THE ORGANISATION ALONG WITH A LEADERSHIP TEAM ALIGNED ON THE VISION AND STRATEGY.

THE INVESTMENTS THAT WE ARE MAKING INCLUDING THE LARGE ALLOCATION TO PEPTIDES, DIGITISATION, LAND WILL EQUIP US FOR GROWTH OVER THE NEXT FEW YEARS. WE WILL CONTINUE TO STRATEGICALLY INVEST, EXPAND OUR CAPABILITIES, AND BUILD THE NECESSARY SCALE ACROSS KEY AREAS.

Dear Shareholders,

I am happy to be yet again sharing my thoughts on Neuland's journey and our vision for the future. Like last year I want to give more background which will help you better understand the DNA of Neuland as a company. I started studying chemistry in the university back in 1959 and once I finished my PhD, got residential status in the US, I felt the desire to do something significant back in India. Even as I explored scientific research and academia in India, I realised that the industry was a better place for me to learn as well as contribute. Consequently, I spent ten years with Glaxo across R&D, Manufacturing and Quality which along with my education helped me to understand complex technology as well as what is essential to make high quality products in a GMP (Good Manufacturing Practices) environment. A short stint helping an Indian firm get USFDA approval helped me better understand the challenges of creating a quality focussed company. The desire to contribute, my experiences working in India and the opportunities that I saw for a quality focussed pharmaceutical organisation led to my founding of Neuland. That entrepreneurial vision of a quality focussed pharmaceutical company in India has been the driving force behind the foundation and the running of Neuland over the last 4 decades. This background helped me to put in place the values and the principles which have been integral to Neuland as a company. As you know from my past correspondences, Neuland has been founded on principles which I believe are essential to every business and especially in the pharmaceutical industry. Quality and customer-centricity have been foundational to the company with along with the emphasis on integrity, safety, and sustainability. This focus meant that even when the US FDA inspected us for the first time in 1997, we were ready with minimal investments in certain systems as the Unit was built on GMP (Good Manufacturing Practices) compliance from Day One. Even as we continue to evolve in anticipation of the needs of customers, I want to emphasise that our core beliefs and the fundamentals of the business will not change.

The Financial Year 2024-25 was a year of consolidation, something we had anticipated. This was a consequence of the lifecycle of products in our CMS business. We also had certain operational issues which have been resolved as is evident in the successful US FDA audit. This is again a testament to Neuland's strong foundation.

I believe we have strengthened in several ways during the year as we have put in place a clear plan for the next five years and are working towards envisioning a future beyond that. We have a stronger leadership team aligned to Neuland's values as well as our customers' needs. We continue to learn so that we can make our processes better and the organisation more resilient.

During the course of the year, we have been able to get greater clarity on the way forward for Neuland as a company. This is also evident as we shared our vision statement, renewed our values, and clarified our strategic priorities. The investments that we are making including the large allocation to peptides, digitisation, land will equip us for growth over the next few years. We will continue to strategically invest, expand our capabilities, and build the necessary scale across key areas. As always, our view is towards building a long-term sustainable organisation which is delivering unique value to customers.

Another element from our past which I would want to bring up in this context is our limited access to capital for a significant part of our existence. We had started with seed capital from IDBI, with consistent support from SBI over time. For around three decades, we were under the constraint of debt and as well as financial pressure from tackling unhealthy competition in the less regulated markets as we operated cGMP plants. Over time we have been able to transform our portfolio, business, and customer mix; building a client base who value their relationship with Neuland. We have transitioned from selling products to marketing capabilities. We are no longer in a position where we are constrained, and as a management team we are working towards making the right investments which will ensure Neuland continues to be a partner of choice for the industry over the long term.

As I have stated in the past, our people continue to be key to our future. We spend a significant amount of time as a management team on building the organisation for the future. We continue to make progress on the people front with emphasis on building depth in the organisation along with a leadership team aligned on the vision and strategy. We continue to invest in fresh talent and are working on better integration of new joiners across levels into the organization.

At Neuland, we are committed to the highest standards of governance and ethics. We understand how important it is to follow the right laws and regulations, and we know that strong governance and risk management frameworks are key to protecting the interests of everyone involved. From the time Neuland became a public listed entity, we had a strong board with the likes of Mr. Patwardhan (Vice-Chairman & Managing Director of NOCIL) and Mr. Dhanrajgir (Former Vice-Chairman & Managing Director of Glaxo) guiding the company. Our Board over the last three decades has worked hard to keep a balanced mix of skills, capabilities, and diversity. This helps us meet our responsibilities effectively. We regularly review and improve our governance structures, making sure they have the right controls, support good decision-making, and stay aligned with evolving best practices.

Looking ahead, Neuland is positioned for significant growth and aims to be recognised as a leading sustainable option in the pharmaceutical world. Our strategic priorities are in closer alignment with our customers and transforming Neuland into a stronger and more agile entity. Customer centricity remains central to Neuland's intent, and we continue to take actions to serve customers in a sustainable way. Our ongoing investments, robust product pipeline, and formidable reputation in the pharmaceutical sector support our ability to deliver long-term value.

I would like to extend my sincere thanks to our customers, bankers, vendors, regulatory authorities, other partners, and fellow board members. I also acknowledge the efforts of our employees for their hard work and dedication. At Neuland, we remain committed to working with all our stakeholders to produce high-quality pharmaceuticals and create a healthier world.

Warm Regards,

Dr. Davuluri Rama Mohan Rao

Executive Chairman

In Conversation
with Vice-Chairman & CEO

Sucheth Davuluri
Vice-Chairman and CEO

AS THE WORLD EVOLVES, SO MUST WE. FOR US AS A COMPANY IT IS IMPORTANT TO DEFINE WHO WE ARE AND WHO WE ARE NOT, SO THAT OUR IDENTITY IS CLEAR IN TERMS OF WHAT WE CAN DO AND CANNOT.

OUR GROWTH STRATEGY CONTINUES TO FOCUS ON HIGH-VALUE MOLECULES FROM INNOVATIVE COMPANIES IN THE GDS SPACE AS WELL AS ON WORKING WITH INNOVATORS BRINGING NOVEL THERAPIES TO THE MARKET IN THE CMS BUSINESS.

As I reflect on FY 2024-25 and look ahead to FY 2025-26 and beyond, I remain confident in our ability to build a business that creates long-term value for all stakeholders. Our performance has been shaped by the commitment and resilience of the Neuland team. Their contribution has been central to how we have supported our customers and executed across the organisation. I want to start by sincerely thanking every team member for their hard work and dedication.

As the world evolves, so must we. For us as a company it is important to define who we are and who we are not, so that our identity is very clear in terms of what we can do and cannot. Therefore, we revisited our vision and values to ensure they reflect both who we are today and where we aim to go. Our new vision statement underscores our commitment to creating a healthier world through sustainable practices, trusted partnerships, and agile collaboration.

This vision is anchored in five core values that define how we operate and lead: Innovation empowers teams to solve problems and drive continuous improvement. Transparency fosters open dialogue and constructive feedback. Agility enables us to stay ahead of market shifts and respond with speed. Accountability reflects our integrity and ownership mindset. And Empathy encourages us to embrace diverse perspectives and build a caring culture.

On the financial front, FY 2024-25 was broadly in line with our expectations for a flattish year, as communicated earlier. While performance was muter compared to recent years, the fundamentals of the business remain solid. Total income for the year stood at ₹ 1497.3 crore, compared to ₹ 1,571.1 crore in the previous year, supported by contributions from key commercial CMS and GDS molecules. EBITDA (excluding exceptional items) was ₹ 342.8 crore with a margin of 22.9%, compared to ₹ 474.5 crore last year.

There was a cashflow of ₹ 206.4 crore in capital expenditure as part of our ongoing capacity and capability expansion, while maintaining a disciplined focus on cost and operational efficiency. Free cash flow for the year stood at ₹ 111.0 crore. We also repaid term debt of ₹ 32.9 crore, resulting in a net debt position of negative ₹ 229 crore. Our current ratio improved to 2.4, and ROCE stands at 17.9%, underscoring continued capital efficiency.

Our growth strategy continues to focus on high-value molecules from innovative companies in the GDS space as well as on working with Innovators bringing novel therapies to the market in the CMS business. We are equally committed to enhancing the customer experience, which we believe sets us apart as a differentiated API provider. Although our business is inherently non-linear, we remain confident in the strength of our order pipeline and the depth of customer demand. With continued progress on strategic priorities, we are well-positioned to regain momentum in FY 2025-26. We look to the future with optimism, anchored in sustainable growth through capacity expansion, scientific depth, operational excellence, and business agility.

Q What were some of the key learnings from FY 2024-25, and how has Neuland responded to the challenges faced during the year?

FY 2024-25 was largely in line with our expectations, particularly in the CMS business. The GDS segment, however, faced challenges due to evolving nitrosamine regulations, impacting products such as Ciprofloxacin and Labetalol and leading to some temporary loss in market share.

We used this period to reinforce core systems and invest in long-term capabilities. This included strengthening our quality framework, enhancing the enterprise risk register, and making strategic investments in capacity and talent in line with our FY 2029-30 roadmap. While there were areas where performance could have been stronger, the year helped us sharpen our focus and improve the foundations needed for sustainable, long-term growth.

Q Could you walk us through the key operational highlights for FY 2024-25?

FY 2024-25 was a significant year in terms of operational progress, marked by regulatory milestones and the expansion of scientific and manufacturing capabilities. We filed six USDMFs demonstrating our focus on scientifically complex and commercially relevant APIs.

A major strategic milestone was our formal entry into the peptide API space with the DMF filing for Difelikefalin, allowing us to offer peptides to generic formulators. Peptides represent a high-growth opportunity for Neuland, and we have made substantial investments in scaling up peptide synthesis and purification capabilities. We continue to work on some exciting products for our GDS portfolio including a GLP-1 molecule.

On the regulatory front, we successfully completed a USFDA inspection at Unit-I with zero Form 483 observations and an ANVISA inspection at Unit-II. All three manufacturing sites received ISO 9001:2015 certification, and over 80 customer audits were conducted during the year—none resulting in critical observations—reaffirming the strength and consistency of our quality systems.

Infrastructure expansion also remained a priority. New production blocks were completed at Unit-III, with commercial operations expected to begin in the second half of FY 2025-26, supporting our long-term capacity and growth needs.

TRUST IS ALSO BUILT THROUGH A CONSISTENT TRACK RECORD ON QUALITY, SAFETY, AND SUSTAINABILITY. IN FY 2024-25, OUR UNIT-III, WAS AWARDED THE SWORD OF HONOUR BY THE BRITISH SAFETY COUNCIL, A DISTINCTION THAT POSITIONS US TO ACHIEVE FIVE-STAR SAFETY RATINGS ACROSS ALL OUR MANUFACTURING SITES BY FY 2025-26.

ONE OF THE MOST SIGNIFICANT FOCUS AREAS FOR NEULAND IS PEPTIDES, WHICH ARE GAINING TRACTION GLOBALLY AS A PROMISING THERAPEUTIC MODALITY.

Q How is Neuland leveraging digitalisation and scientific innovation to enhance operational efficiency and R&D outcomes?

FY 2024-25 marked a major leap in our digital transformation journey. We successfully migrated to SAP S/4 HANA, going live in April 2025 after completing all foundational work during the year. This upgrade gives us a unified digital backbone and a single source of truth across the enterprise. It lays the foundation for smarter analytics and decision-making, with AI now being piloted in route design within R&D and digital tools being adopted in supply chain and manufacturing. We are also working towards integrating our lab and shop-floor equipment into a central digital platform.

In parallel, we have spent significant time ensuring we have right bench-marks when it comes to R&D execution, and giving the R&D teams the right support so that Neuland would be considered as best in class. We are strengthening our process development efforts under a Quality by Design (QbD) framework. This approach focuses on building quality into processes from the outset, ensuring consistency, scalability, and regulatory compliance. We rolled out Electronic Lab Notebooks (ELNBs) across R&D to enhance traceability and data integrity and upgraded our analytical capabilities with advanced instrumentation like HRMS and ion chromatography. Together, these steps are enabling faster, more scalable, and more precise innovation.

Q What steps has Neuland taken to strengthen trust, reliability, and sustainability across its operations and partnerships?

At Neuland, building trust is foundational to how we operate, partner, and deliver. A key enabler of this has been the strengthening of our project management system. Over the past year, we enhanced governance structures, clarified roles, and improved cross-functional coordination – ensuring greater transparency and tighter collaboration with customers. Combined with better tools, processes, and team alignment, these efforts have improved our right-first-time performance on product scale-ups. With the groundwork laid in FY 2024-25, we are well positioned to deliver even stronger and more predictable outcomes in FY 2025-26.

Our customer-focused mindset extends beyond execution. We conduct regular customer satisfaction surveys and closely track how our work is impacting partners. This ongoing feedback loop helps keep our teams aligned, responsive, and motivated. We were pleased to see a meaningful improvement in our NPS and CSAT scores in FY 2024-25, reflecting the growing confidence customers place in Neuland.

Trust is also built through a consistent track record on quality, safety, and sustainability. In FY 2024-25, our Unit-III, was awarded the Sword of Honour by the British Safety Council, a distinction that positions us to achieve five-star safety ratings across all our manufacturing sites by FY 2025-26. On the ESG front, Neuland achieved an outstanding score of 70 out of 100, up from 64. We were also featured in S&P's Sustainability Yearbook, placing us among the top 4 percent of pharmaceutical companies evaluated globally. These recognitions affirm our long-term commitment to responsible operations and sustainability-led growth.

Q How is Neuland building a world-class talent pipeline to support its future growth ambitions?

Talent is a critical enabler of Neuland's long-term strategy. As we move toward more complex, technology-driven programmes, we have focused on strengthening the quality and specialisation of our teams. In FY 2024-25, we onboarded scientists and professionals with strong academic and research pedigrees from leading institutions across India, the US, and Europe—ensuring we have the depth of expertise needed to deliver on future-ready platforms.

This approach spans across the organisation. We are actively building strong second- and third-line leadership and bringing in subject matter experts to expand capabilities in areas like peptides and complex APIs. This supports our shift away from commodity generics and into differentiated, high-impact work – without relying on large acquisitions or compromising delivery to customers.

Equally important is the employee experience. We continue to evolve our employee value proposition through regular engagement surveys, exit interviews, and feedback mechanisms. These efforts help us understand what drives motivation and retention. In FY 2024-25, engagement levels are high with an Employee Engagement Score of 70 and eNPS of 39—reflecting our commitment to building a purpose-driven, high-performance culture that can scale with the business.

Q What are some of the key strategic investments Neuland is making in FY 2025-26?

One of the most significant focus areas for Neuland is peptides, which are gaining traction globally as a promising therapeutic modality. With increased interest from innovators and formulators alike, we believe this is the right time to scale our capabilities beyond lab and pilot scale. Having built deep R&D expertise in peptides over the last 15 years, we are now taking the next step to meet growing customer demand and support commercial programmes.

To that end, we announced a capital investment of ₹ 342 crore to enhance manufacturing capacity across two sites. This includes around ₹ 250 crore toward a new large-scale, multi-product peptide facility at Unit-I, which will increase reactor capacity from 0.5 KL to 6.37 KL by FY 2026-27. An additional ₹ 88 crore has been committed to expand capacity by 52 KL at Unit-III. These investments will significantly strengthen our position in the peptide space and enable us to support customers from early development through to commercial supply.

Q What is your outlook for FY 2025-26, and how is Neuland positioning itself in the broader industry landscape?

The momentum we are seeing globally points to a fundamental shift. Supply chain diversification has become a strategic imperative, and this extends well beyond pharmaceuticals. Across industries, there is growing recognition that overdependence on a single geography/country carries risk. The diversification strategy is driving meaningful investment into India, and this is being viewed as a pivotal opportunity to regain lost ground and strengthen the country's manufacturing base.

At Neuland, we are encouraged by the growing interest from customers. We are seeing steady traction with early-stage projects, along with existing clients bringing more programmes to us. Our investments in capacity and capability expansion reflect our long-term commitment, underpinned by our core values of customer centricity, agility, and operational excellence.

FY 2025-26 will be about execution. We will operationalise new capacity at Unit-III and see upgrades across our facilities. With recent land and facility acquisitions, we are positioned for continued scaling. The ramp-up of CMS commercial programmes, along with a sustained focus on high-barrier specialty APIs in GDS, gives us confidence in meeting our objectives. Across both segments, our goal remains to be the partner of choice in our ever-increasing areas of expertise. Everything we are doing – from capital investment to talent development to ESG – is aligned with that goal.

Message
from Vice-Chairman & MD

WE CONTINUE TO INVEST IN TECHNOLOGY-LED DIFFERENTIATION AND OPERATIONAL EXCELLENCE, CRITICAL TO SUPPORTING COMPLEX PROGRAMMES AND FOSTERING LONG-TERM TRUST WITH GLOBAL INNOVATORS.

Dear Shareholders,

I am pleased to report that Neuland made good progress on its strategic priorities in FY 2024-25. While the year was one of consolidation, shaped by the lifecycle dynamics of our products in both the GDS and CMS portfolios, we expect strong growth to resume from FY 2025-26.

GENERIC DRUG SUBSTANCES (GDS)

The GDS business delivered a stable performance, despite temporary market share impacts from certain regulatory changes. The specialty segment was led by Paliperidone and Dorzolamide. In the prime segment, Mirtazapine, Levetiracetam, Escitalopram, and Ezetimibe anchored our portfolio.

We filed five US DMFs during the year. Among them, the DMF filing for Difelikefalin marked Neuland's formal entry into peptide APIs, a significant milestone in our shift toward more complex and differentiated products.

Our GDS strategy is increasingly focussed on strengthening our presence in the specialty segment, where scientific differentiation enables greater value and market share leadership. In parallel, we continue to optimise processes and expand market share for our core portfolio. A key enabler has been our broad push for cost leadership, driven by second- and third-generation process improvements across multiple APIs, which continue to strengthen our competitiveness.

We are also transforming our approach to new product development. Closer integration between R&D, market intelligence, and commercial teams is helping us identify and pursue complex, high-value molecules more effectively. Our R&D productivity is improving, with the number of DMFs filed annually increasing over previous years, supported by a pipeline that reflects both scientific depth and market relevance.

CUSTOM MANUFACTURING SOLUTIONS (CMS)

The CMS business remained steady in FY 2024-25, with revenues driven by commercial molecules. While there was a slight decline in the topline, the core products in our commercial portfolio continued to perform well, and customer relationships remain strong. These dynamics provide a solid foundation for future growth, even as annual or quarterly fluctuations in revenue may occur.

We are seeing increased traction in early-stage programmes, particularly from biotech customers, reflecting a broader trend of innovators seeking reliable partners for complex development work. While these programmes may take time to scale commercially, they are expected to contribute to growth over the medium to long term. We are also seeing growing interest from innovators with peptide molecules and have seen some of these interactions translate into early-stage projects. The increasing focus on peptide therapies, driven by breakthroughs with GLP-1s and other oral peptides, combined with Neuland's capabilities, makes the peptide business a clear priority going forward.

Our portfolio now includes over 90 active projects, with deep engagements across more than 25 customers. Strengthening and expanding these relationships is a key strategic focus. Our business development objectives are geared towards adding exciting products, the likes of which have helped us scale the business. However, since it is difficult to accurately forecast the success of products, especially in terms of clinical trial performance, it is crucial for us to build a diversified portfolio of projects. We try to provide visibility into our progress by disclosing the number of active projects, but these absolute numbers should be viewed directionally rather than as precise quantitative measures.

We continue to invest in technology-led differentiation and operational excellence, both critical to supporting complex programmes and fostering long-term trust with global innovators. Our investment in the softer capabilities that differentiate Neuland continues with increasing momentum. While every organisation is unique in its own way, I believe we have built a CDMO business that is one of its kind in India – evidenced by the strong growth we have seen over the years, even though FY 2024–25 was an exception. We seek to further push the envelope on that front, even as we anticipate healthy growth from our current set of products over the next few years. With a strong pipeline and a focus on long-term value creation, CMS remains the key growth driver for the Company.

LOOKING AHEAD

We entered FY 2025-26 with renewed momentum, underscored by the completion of additional manufacturing facilities, the anticipated commercial launch of new CMS molecules, and increasing customer interest across both GDS and CMS portfolios. These developments, along with our continued focus on operational excellence and long-term capability building, strengthen our confidence in delivering sustainable growth.

The pharmaceutical industry is steadily shifting from high-volume, traditional APIs toward more targeted, high-potency therapeutics. While small molecules continue to remain in focus, Neuland is evolving in step with this shift. A core strategic priority is expanding our capabilities in complex chemistries and new modalities such as peptides – now central to global innovation pipelines. Our planned investment in peptide manufacturing reflects this direction and positions Neuland among a select group of companies in the region building meaningful depth in this space.

Equally important is our investment in people. We are strengthening our scientific talent pool and leadership bench across functions, with a clear focus on building sustainable capabilities that can support advanced programmes, deliver consistent execution, and future-proof the organisation. These efforts are vital to ensuring we grow with our customers and remain a trusted partner in their innovation journeys.

Historically, Neuland has been a valued partner to biotech companies. What is changing now is the significant increase in engagement with big pharmaceutical companies. Over the past year, we have seen a marked rise in new interactions – some driven by M&A-related integrations and others by direct interest. These developments reflect growing recognition of Neuland's capabilities. Building deeper partnerships with Big Pharma is now a clearly defined medium-term objective, and we believe the foundation is stronger than ever to achieve it.

The diversification away from China by Western pharmaceutical companies as they look to rebalance their supply chains is also creating fresh opportunities. Neuland is well-positioned to benefit from this trend, supported by a strong reputation, high-quality infrastructure, and regulatory credibility. While tariff-related developments are being closely monitored, we do not foresee a material impact, as our primary competitors are based outside the US, and our position as a preferred supplier to many customers helps mitigate potential disruptions.

Neuland remains deeply committed to human health and to being a trusted partner to the pharmaceutical industry. Backed by a strong balance sheet, scientific agility, and long-term strategic clarity, we are confident in our ability to navigate near-term challenges and capitalise on the opportunities ahead.

As we look to the future with optimism, I would like to thank our people whose dedication drives our progress every day. I am equally grateful to our customers, investors, and partners for the trust they place in us – and to the broader community for their continued encouragement and belief in what Neuland stands for.

Warm Regards,

Saharsh Davuluri

Vice-Chairman and Managing Director

Board of Directors

DR. DAVULURI RAMA MOHAN RAO

Executive Chairman

Dr. Davuluri Rama Mohan Rao (DIN: 00107737), Executive Chairman, holds a Masters' degree in Science from Andhra University, Postgraduate Diploma in Synthetic Drugs and Fine Chemicals Technology from IIT, Kharagpur. He has done his doctorate in Organic Chemistry from the University of Notre Dame, USA in 1969. He held Research positions at University of Vermont - Burlington, Downstate Medical Centre - New York and Indian Institute of Science - Bangalore. He has 9 publications in International Journals. He is a member of Royal Society of Chemistry. After several years of academic research, he joined Glaxo India in 1973 and held senior positions in R&D, Quality and Manufacturing. He left Glaxo in 1983 and joined an Indian Pharma Company for a brief period where he was responsible for a successful USFDA inspection. He promoted Neuland in 1984.

MR. DAVULURI SUCHETH RAO

Vice-Chairman & Chief Executive Officer

Mr. Davuluri Sucheth Rao (DIN: 00108880), is the Vice-Chairman and Chief Executive Officer of Neuland Laboratories Limited, a leading manufacturer of Active Pharmaceuticals for both generic and patented New Chemical Entities. He firmly believes that his role as a leader extends beyond the organisational realm, it's about inspiring unwavering trust within the team and empowering them to unlock their full potential.

Mr. Sucheth Rao is equipped with broad-based management skills in new business development, sales and marketing, and operations. He has direct P&L responsibility at the board level reinforced by the imperative to adhere to rigorous standards of corporate governance, quality, and Environment, Health, and Safety (EHS). Additionally, he is the sponsor for Enterprise Risk Management and Environmental, Social, and Governance (ESG) programmes and closely monitors the progress. At Neuland, Mr. Sucheth Rao has been responsible for establishing subsidiaries in the US and Japan, increasing sales from regulated markets, strengthening Quality Management Systems, driving Neuland's strategy towards specialty APIs and the CMS Business.

Mr. Sucheth Rao is the Executive member of the YPO, Hyderabad Chapter. He is responsible for working with a highly capable group of CEOs/Heads of companies to improve the overall health, integration, education, and engagement of the chapter.

Mr. Sucheth Rao has a degree in Mechanical Engineering and is an alumnus of the University of Notre Dame Mendoza College of Business in Indiana, USA, where he pursued an MBA in corporate finance and operations management. A proficiency in Six Sigma Black Belt, Mr. Sucheth Rao leverages operational excellence to strategically expand and fortify Neuland's presence, operating in a market that is highly regulated.

MR. DAVULURI SAHARSH RAO

Vice-Chairman & Managing Director

Mr. Davuluri Saharsh Rao (DIN: 02753145), is the Vice-Chairman and Managing Director of Neuland Laboratories Limited. He joined the Company during March 2005 as the Chief Information Officer and has been subsequently entrusted the responsibility of initiating the Custom Manufacturing Solutions (CMS) business. He was appointed as the Whole Time Director in 2009. Mr. Saharsh Rao was re-appointed as a Whole Time Director of the Company at the 36th Annual General Meeting held on July 10, 2020 for a period of 5 years ending May 31, 2025. Mr. Saharsh Rao has been leading key strategic initiatives and has been responsible for driving business development for the CMS business. Over the time of his tenure he has been overseeing Marketing and Business Development activities for the GDS & CMS businesses, Research & Development, Project Management, Information Technology, including Cyber Security, and Investor Relations. He has been responsible for the focus on building capabilities in Research & Development especially the Peptides area, where Neuland is recognised for its strengths as a result of its experience garnered over the last fifteen years working in the space. He has been key to strengthening Neuland's organisation with capabilities like Project Management & Digital Marketing. Along with the CEO, he is responsible for building and executing the Long-term Strategic Plans of the organisation.

Mr. Saharsh Rao is an Electrical Engineering Graduate and obtained his Masters' in Management Information Systems from Weatherhead School of Management, Cleveland, Ohio, U.S.A. He also secured Master of Business Administration from University of North Carolina, U.S.A. He has worked in the past with Sify Limited in various roles in the Sales organisation. Mr. Saharsh Rao spent some time with a venture fund focussed on Lifesciences in the Research Triangle.

DR. CHRISTOPHER M. CIMARUSTI

Non-Executive Director

Dr. Cimarusti (DIN: 02872948), is a renowned authority in the pharmaceutical industry with a wealth of experience in drug discovery, development, and manufacturing. He has completed his PhD in Organic Chemistry from Purdue University, USA and his Post doctoral Research from Columbia University, USA. Dr. Cimarusti has more than 50 years of experience in the field of drug discovery, development and manufacturing. His scholarly work includes more than 40 publications in revered journals, and he holds the distinction of being inventor or co-inventor on over 60 patents in various research areas, including cardiovascular, steroid, and β-lactam research. Dr. Cimarusti has held several executive leadership positions, including Vice President of Process R&D at the Pharmaceutical Research Institute and Senior Vice President of Pharmaceutical Development. His tenure at Squibb Corporation and Bristol-Myers Squibb (BMS) is marked by significant contributions to antibiotic research and organic chemistry, where he co-led the antibiotic effort and served as Director of Organic Chemistry for the Squibb Institute for Medical Research. In addition to his research and development roles, Dr. Cimarusti also contributes to the broader scientific community through his extensive knowledge and experience to guide the company's strategic direction. He is a non-executive director of the Company and also serves as a member and chair of the Scientific Advisory Board.

MR. HOMI RUSTAM KHUSROKHAN

Independent Director

Mr. Khusrokhan (DIN:00005085), is a Fellow member of the Institute of Chartered Accountants of India. He studied at the Sydenham College of Commerce and Economics and obtained the degree of B. Com (Honours) from the University of Mumbai and later at the London School of Economics and Political Science where he obtained the degree of M.Sc. (Econ.) London. Having worked for over 40 years in the Corporate Sector, Mr. Khusrokhan has wide experience and knowledge of modern management techniques and in-depth knowledge and expertise of Pharmaceuticals, Agriculture-related businesses, International Businesses and Mergers and Acquisitions. Mr. Khusrokhan has earlier been the Managing Director of Glaxo & Burroughs Wellcome in India, Tata Tea Limited and Tata Chemicals Limited. He was a special Advisor to the Government appointed Board of Satyam after he retired from the Tata Group. He was President of the Organisation of Pharmaceutical Producers of India and Vice President of the Bombay Chamber of Commerce and Industry. He has served as an Independent Non-Executive Director on several Boards - Hindustan Lever, LIC-Nomura Mutual Fund Trustee Company, Tata-AIG Life, Fulford India, ICICI Bank and Strides Pharma Science. He retired from the Tata Group in 2008 but is a Senior Advisor to Tata Capital's Private Equity Funds. He is Chairman of the Employers Federation of India, Western Region, Chairman of the Indian Red Cross Society, Maharashtra State and serves on the Board of Governors of The Anglo Scottish Education Society and on the Executive Committee of certain Hospitals. He was earlier President of the Bombay Natural History Society and Chairman of United Way, Mumbai.

MR. PRASAD RAGHAVA MENON

Independent Director

Mr. Menon (DIN: 00005078), is a chemical engineer from the Indian Institute of Technology (IIT), Kharagpur, India. Mr. Menon has over 40 years of diverse experience in some of the premier multinational and Indian companies in the chemical and power industry. Mr. Menon had a 20-year stint with chemical giant ICI, and later became Director-Technical, at Nagarjuna Fertilisers and Chemicals Limited. In the year 2000, he took over as the Managing Director of Tata Chemicals and in the year 2006, he stepped outside the chemicals field to become the Managing Director of Tata Power, from where he eventually retired in January 2011. After retiring from his executive role, Mr. Menon continued to serve as a director on various Tata Boards, including Tata Chemicals, and as Chairman of Tata Projects, Vistara, Tata Consulting Engineers, Tata Quality Management Services, and the Group Sustainability and Safety Council until 2016. He has also served on various Boards as Independent Director - Axis Bank, SKF India, Dr. Reddy's Laboratories, Sanmar Group, Singapore Tourism Board, Grantham Research Centre for Climate Change London, The Energy and Resources Institute (TERI) and CII-ITC Centre of Excellence for Sustainable Development. He was the Chairman of Wildlife Trust of India. Mr. Menon has rich experience across various domains, including chemicals, power, environment and biodiversity, risk, sustainability, governance, and corporate social responsibility. Mr. Menon is also a director on the Boards of - Data Patterns (India) Limited and Chemplast Sanmar. Mr. Menon is also on the Boards of the Centre for Environment Education, and Kaivalyadham Yoga Institute.

MR. SUGATA SIRCAR

Independent Director

Mr. Sircar (DIN: 01119161), is a fellow member of The Institute of Chartered Accountants of India and has completed a Global Advanced Management Program at ISB Kellogs School, India/US. He has also completed a Business Leaders Program from Harvard Business School. Mr. Sircar has over 32 years of experience in energy and automation, chemicals, textiles, tyres, FMCG and city gas distribution. He retired as Chief Financial Officer (CFO) of Schneider Electric India where he had served for over 7 years. He is currently Executive Director with Azure Power. He has been the Managing Director at Gujarat Gas, the largest listed city gas distribution company in India (a subsidiary of BG Group of UK) and prior to that, he was Finance Director and CFO at Gujarat Gas. He has also worked with companies like Cabot India, Madura Coats, Britannia Industries and Dunlop India in various finance roles. Mr. Sircar is a business advisor, speaker, and writer. He is on the Executive Committee of the CFO Board (India's pre-eminent body of financial leaders) and is Ex-Chairman, CFO Committee, Indo French Chamber of Commerce and Industry.

MS. PALLAVI JOSHI BAKHRU

Independent Director

Ms. Bakhru (DIN: 01526618), is a Fellow Member of the Institute of Chartered Accountants of India and Member of Indian Institute of Corporate Affairs. Currently, she is the Head of the Private Client Service offering at Grant Thornton in India. She has over 30 years of experience spanning solutions and clients in different sectors. She was the Head of Tax at a large natural resources group for five years and assisted with growth strategies. In 2015, Ms. Bakhru was recognised as one of the Top 10 Women in Tax in India by the International Tax Review. Her specialties include corporate tax, litigation, including being a part of a team that ran an international arbitration under Bilateral Investment Treaty (BIT), tax structuring and regulatory matters pertaining to FEMA. Over the years, she has simplified the global structure of some large groups, institutionalised a royalty payment system, resolved some high-pitched tax litigation and done Advocacy. She works closely with Promoters and CXO's on critical aspects of business, including decisions related to business restructuring, choice of senior counsels for representation in key litigation, she has helped in re-organising few businesses and take their geographic footprint overseas. Ms. Bakhru has rich experience in the areas of finance, taxation, strategy, risk management, sustainability and information technology.

OPERATING ENVIRONMENT

Understanding Our World, Shaping Our Response

Contract Development and Manufacturing Organisations (CDMOs) are playing an increasingly central role in transforming the pharmaceutical industry by offering end-to-end solutions in drug development and commercialisation. The Active Pharmaceutical Ingredient (API) CDMO market was valued at US$ 101.4 billion in 2023 and is projected to grow at a CAGR of 6.6% between 2024 and 2032. Notably, this segment is expected to outpace overall pharmaceutical industry growth through 2028, as outsourcing becomes the preferred model for accessing specialised skills and scalable infrastructure.

KEY TRENDS SHAPING THE INDUSTRY

Rise in Outsourcing and Strategic Partnerships

Pharmaceutical companies – from large multinationals to emerging biotech firms – are increasingly outsourcing drug development and manufacturing across the value chain. This shift is driven by rising R&D costs, post-COVID supply chain vulnerabilities, and the need for operational agility. CDMOs are no longer seen as transactional suppliers but as strategic partners offering comprehensive services from development to commercialisation. This has created a culture of collaboration, with drug companies leveraging CDMOs' specialised capabilities and industry insights.

Our Response

We continue to deepen our CDMO capabilities through early-stage partnerships, technology-led execution, and a flexible model that supports scale, speed, and integration. Our value proposition is rooted in trust, reliability, and scientific depth.

Global Growth in Generic Pharmaceuticals

The global demand for generic drugs is on the rise, driven by a combination of patent expirations, chronic disease prevalence, and healthcare systems prioritising affordability. Generics offer the same therapeutic efficacy as branded drugs at significantly lower costs, making them critical to expanding access – particularly in emerging and price-sensitive markets. The global generics market is projected to grow from US$ 435.3 billion in 2023 to US$ 655.8 billion by 2028, reflecting a CAGR of 8.5%. Governments are actively promoting the use of generics to reduce public health expenditure, further accelerating adoption.

Our Response

With over four decades of expertise in complex chemistry and regulatory compliance, Neuland is well-positioned to support the growing demand for high-quality generic APIs. Our GDS vertical continues to scale its specialty product offerings while remaining a reliable supplier of high-volume generics.

Supply Chain Resilience

The COVID-19 pandemic and subsequent geopolitical developments have exposed vulnerabilities in global pharmaceutical supply chains. In response, drug companies are actively working to de-risk their operations by diversifying suppliers, shortening lead times, and increasing regionalisation. One of the key developments influencing this shift is the proposed U.S. Biosecure Act, aimed at reducing reliance on Chinese pharmaceutical and biotech suppliers. While recent policy signals suggest a softening in stance, the broader China-Plus-One strategy continues to gain traction, with India emerging as a preferred global manufacturing hub.

Our Response

Our India-based operations, high compliance focus, and investments in capacity and digitalisation position us as a dependable partner. We are proactively diversifying our supplier base and reducing geographic concentration, with alternate sourcing strategies in place for critical materials.

Agility and Operational Efficiency

Agile methodologies, long associated with the tech industry, are now finding meaningful applications in the pharmaceutical value chain. As the industry grapples with pricing pressures, rising regulatory complexity, evolving customer demands, and localised supply chains, agility has become essential for speed, adaptability, and resilience. Agile practices enable companies to streamline internal operations, improve responsiveness, and accelerate regulatory approvals without compromising compliance. CDMOs that can flex and scale in sync with customer needs are becoming strategic partners of choice.

Our Response

We have adopted agile principles to enhance operational excellence and ensure On-Time In-Full (OTIF) delivery. Through digitised project tools, dynamic capacity planning, and closer partner collaboration, we are improving responsiveness, streamlining execution, and sustaining high standards of quality and compliance.

Digital Transformation and Automation

Digital transformation is revolutionising pharmaceutical operations. From e-signatures and document management systems to artificial intelligence and machine learning operations (MLOps), companies are using technology to reduce cycle times, improve compliance, and scale innovation. Automation is enabling better planning, quality assurance, and regulatory preparedness, while MLOps are driving intelligent process control and real-time analytics.

Our Response

We are accelerating our digital transformation journey through investments in LIMS, SAP S/4 HANA, automated manufacturing systems, and real-time dashboards. These tools support enhanced compliance, decision-making speed, and customer transparency.

Sustainability as a Strategic Imperative

Sustainability has become a non-negotiable priority across the pharmaceutical value chain. With heightened regulatory scrutiny, growing customer expectations, and urgent environmental concerns, CDMOs are under increasing pressure to reduce their environmental footprint. From emissions and water consumption to energy efficiency and packaging waste – sustainability is now central to contract eligibility and long-term relevance.

Our Response

We have embedded sustainability across our operations – from green chemistry adoption and emissions monitoring to efficient waste and water management. Our Net Zero roadmap and alignment with global standards reflect our long-term environmental commitment.

Value Creation Model

INPUT
Our resources and relationships we rely on

FINANCIAL CAPITAL
Investments in R&D and operational expenses

₹ 1,518 crore Net Worth
₹ 1,497 crore Total Income
₹ 111 crore Free Cash Flows

MANUFACTURED CAPITAL
- Manufacturing facilities and equipment for synthesis, purification and analysis.
- Raw materials- Chemical compounds, reagents, solvents and others.

2 Successful Regulatory Inspections Conducted in FY 2024-25
270 KL Additional Capacity Added

INTELLECTUAL CAPITAL
- Laboratories, R&D capabilities, analytical and investigative expertise for process development and optimisation.

₹ 61 crore R&D Investment in Capital and Revenue Expenditures
360+ R&D Team Size
204+ Patents Filed till date
300+ API Processes Developed

HUMAN CAPITAL
- Skilled workforce in manufacturing, research and business development

1,799 Total Employees Globally
475 New Employees Hired
1.17 lakh+ hours of Training
98 Safety Training Sessions Conducted
93% Employees Participated in Feedback Survey

NATURAL CAPITAL
- Adhering to our sustainability framework, we promote efficient resource utilisation and sustainable practices.

383 TJ of Energy Consumed
₹ 9.2 crore Invested on Equipment for Energy Conservation

SOCIAL CAPITAL
- Caring for our communities with several initiatives and projects that empower their lives

₹ 525.04 lakhs* Total CSR Expenditure
19 Community Outreach Programmes Conducted
3 Health Camps Organised

RELATIONSHIP CAPITAL
- Collaborations and alliances with industry bodies
- Business partners engaging with quality suppliers

362 Significant Tier 1 Suppliers
33 Supplier Audits Conducted
933 Domestic Supplier Count

* Includes transfer to Unspent CSR Account for FY 2025

BUSINESS ACTIVITIES

How we create value for our customers?

BUSINESS VERTICALS

Generic APIs (CDS)
Manufacturing of generic non-exclusive APIs

We are a preferred service provider in the manufacturing of Active Pharmaceutical Ingredients (APIs)

Have developed processes for over 100 APIs with a strong portfolio of complex molecules

Process Investigation Department (PID) majorly helps our customers to meet their price pressures by way of cutting their total cost of ownership in developing an API thereby achieving excellence in process development

- API manufacturing heritage of over 40 years
- Flexible 100g to hundreds of tonnes capacity
- Non-competitive advantage (does not compete in finished formulation)
- Worldwide customer base in 80+ countries
- Proven project management systems
- Impeccable EHS record

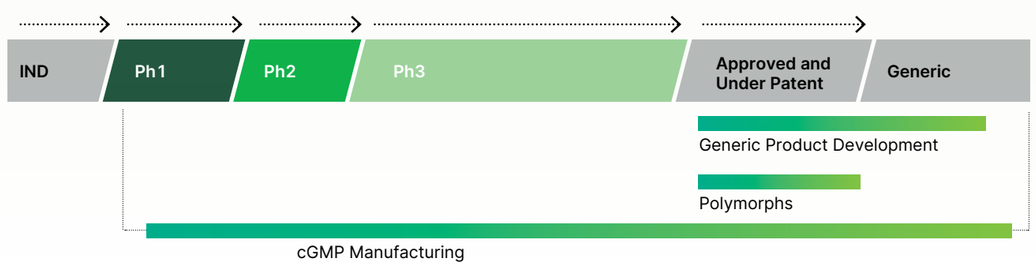
CDMO Services (CMS)
Contract development and manufacturing of NCE API

IND/NDA filing support	Process optimisation
Designing and developing manufacturing processes	Solid state & pre-formulation technologies

cGMP manufacturing of RSMs/KSMs/ Intermediates and APIs for clinical trials and commercial supply

Chemistry & Manufacturing Capabilities

Synthetic portion of fermented molecules	Carbohydrate chemistry
Deuterated molecules	Cyclic and PEGylated peptides
Peptides in solid, solution phase & hybrid technology	Organometallic carbon-carbon bond formation
Cyanation, hydrogenation, bromination, cryogenic	Heterocyclic compounds
Steroidal bile acids & vitamin D derivatives	Chiral compounds manufacturing



OUTPUTS

₹ 343 crore EBITDA
23% EBITDA Margin
17% ROE
18% ROCE

100+ APIs across 10 Therapeutic areas API
1,174 KL Manufacturing Capacity
12.9 KL Hydrogenation Reaction Volume
37.7 KL Cryogenic Reaction Volume

988 Filings Worldwide
15 Development Labs
35 Patents Granted till date

11.4% Women in Permanent Workforce
ZERO Fatalities
70% Employee Satisfaction Score

0.86 GJ/Kg Energy Intensity (up 6%)
ZERO Liquid Discharge
7,922 MT of Waste Recycled/ Reused (99.9%)
325 Saplings Planted
24% Reduction in Hazardous Waste Generation

30k+ Lives from FY 2024-25 Initiatives
560 Families Benefited
1,720 Underprivileged Students Benefited

Customer NPS **50** (PY 44)
63% of Raw Materials Sourced Locally (<800km) to Reduce Carbon Miles

OUTCOMES
Co-creating value with stakeholders

CUSTOMERS
Reliable access to high quality APIs, backed by robust innovation through green chemistry

EMPLOYEES
Creating a diverse, inclusive, engaged and effective workplace

SUPPLIERS/BUSINESS PARTNERS
Continuous engagement with essential suppliers for raw materials to ensure enhanced product quality and undisrupted operations

LOCAL COMMUNITIES
Contributing to the development of local residents within our area of operations through various social empowering activities

SHAREHOLDERS AND INVESTORS
Creating long-term value and wealth with regular and timely updates of business and sustained growth in business

GOVERNMENT AND REGULATORS
- Compliance with all regulatory and governance frameworks
- Regular audits across quality, safety and environment processes
- Leaving a lasting positive impact on society with products that enrich lives

MATERIAL TOPICS

Identifying and evaluating material topics

In FY 2022-23, we collaborated with multiple stakeholders to establish material topics for Neuland. We received responses from more than 100 stakeholders. Both internal and external stakeholders participated in the survey, on three dimensions – relevance, impact, and performance.

Based on the examination of stakeholder answers, topics in the top quadrant were identified as the focus areas for Neuland. Accordingly, our material topics are listed below, expanded version of these topics have been used in developing our ESG strategy.

Environment

- Effluent and Waste
- Water*
- Emissions and Climate Change*
- R&D and Innovation*

Social

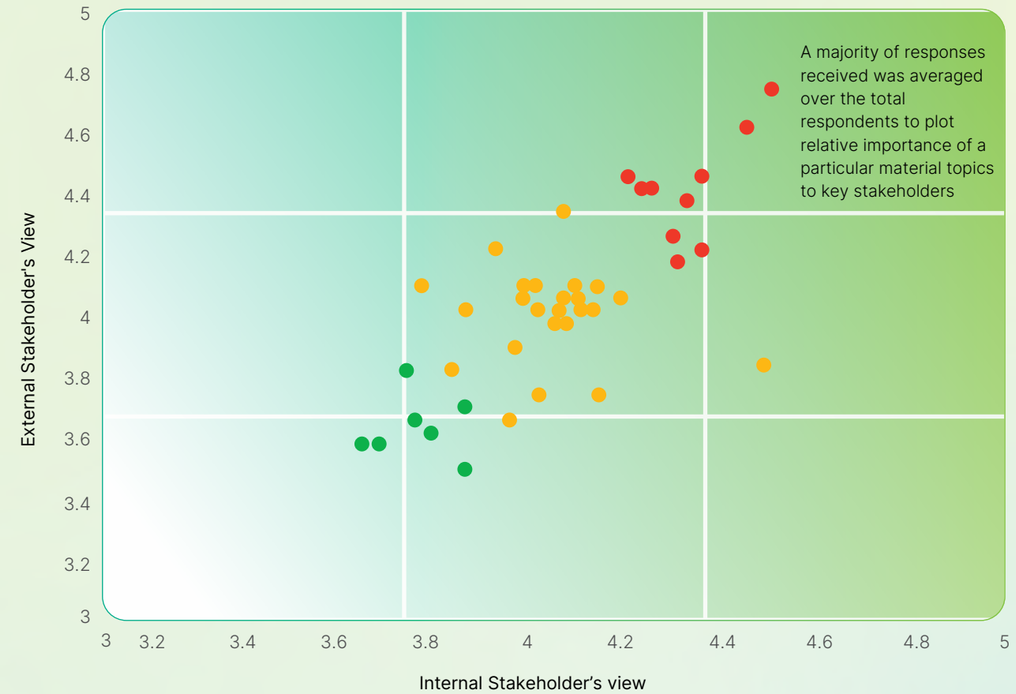
- Occupational Health and Safety*
- Human Capital Development
- Community Well-being

Governance

- Ethics and Compliance
- Risk Management and Business Continuity
- Digitalisation, including Cyber-security and Data Privacy*
- Sustainable Supply Chain*

These topics are expected to be significant even in future periods.

MATERIALITY MATRIX OF NEULAND LABORATORIES LIMITED



Low (1-8)

1. Biodiversity
2. Rights of indigenous people
3. Public policy
4. Local communities
5. Indirect economic Impact
6. Freedom of association and collective bargaining
7. Tax
8. Diversity and Equal Rights

Medium (9-30)

9. Supplier social performance
10. Anti-competitive behaviour
11. Data privacy
12. Customer privacy
13. Forced or Compulsory Labour
14. Anti-Corruption
15. Child labour
16. Non-discrimination
17. Marketing and labelling
18. Procurement practices
19. Security practices
20. Economic performance
21. Energy
22. Assessing human rights
23. Customer health and safety
24. Market presence
25. Human capital and welfare
26. Capital productivity
27. Supplier environmental performance
28. Succession planning
29. Material
30. Employment

High (31-42)

31. Labour relation management
32. Climate change
33. Digitalisation
34. R&D and Innovation
35. Occupational health and safety
36. Human capital development
37. Emissions
38. Business continuity and disaster
39. Water Preparedness
40. Training and education
41. Effluent and waste
42. Compliance

On the environment side, we are committed to sustainable R&D and innovation as well as reducing waste, water consumption and emissions.

On empowering our people and societies, we are committed to people safety, well-being and development, respecting and protecting human rights, improving diversity and inclusion and educating our employees, workmen contractors and value chain partners on ESG.

In embedding responsible business practices, we are committed to maintaining high standards in compliance, ethics, governance and reporting, improving risk and crisis management and integrating sustainability into our supply chain.

Each of the material topics listed below form the basis of our ESG strategy, commitments and goals.

Material Topic	Relevant UNSDGs	Description	Opportunity/ Risk	Long-Term significance	Relevant GRI References
Ethics and Compliance	16	Upholding legal and ethical standards is central to our operations. We prioritise transparency and ethical conduct, both within our organisation and in our interactions with external stakeholders.	Risk and Opportunity	High	GRI 205: Anti-corruption GRI 206: Anti-competitive behaviour
Effluent and Waste	12, 13	Our commitment to responsible production extends to waste management. We adopt strategies to minimise waste generation and optimise resource usage.	Risk	High	GRI 306: Effluents and Waste
R&D and Innovation	3	Research and development (R&D) and innovation is core to our progress. By investing in innovation, we enhance our processes and services and align with sustainable industry standards.	Opportunity	Higher	GRI 202: Market Presence
Occupational Health and Safety	8, 9, 12	Our workforce's well-being is our foremost priority. Occupational health and safety practices ensure a safe work environment, reducing accidents and promoting employee health and well-being.	Risk	Higher	GRI 403: Occupational Health and Safety
Water	8	Efficient water management safeguards this vital resource. By minimising water usage and adopting responsible practices, we contribute to clean water preservation and access.	Risk	Higher	GRI 303: Water and Effluents
Emissions and Climate Change	7, 13	Reducing greenhouse gas (GHG) emissions intensity and clean energy transition across our value chain will help us secure a balanced portfolio of low carbon energy management.	Risk	Higher	GRI 305: Emissions
Human Capital Development	8, 10	Creating value and performance culture. Providing work-life balance and engaging employment experience where they can grow and excel.	Risk and Opportunity	High	GRI 404: Training and Education
Community Well-being	1, 2	We have a firm commitment to creating a positive impact in the communities where we operate.	Opportunity	High	GRI 413: Local Communities
Sustainable Supply Chain	9, 17	Our dedication to ESG principles and sustainable growth drives our proactive approach to supply chain management.	Risk	Higher	
Risk Management and Business Continuity	9	Ensuring business continuity is vital for sustained progress. We focus on risk management, disaster recovery planning and building resilience in our people, process and infrastructure.	Risk and Opportunity	High	
Digitalisation, including Cyber-security and Data Privacy	9	Embracing digitalisation optimises efficiency and innovation. We leverage technology to enhance our operations, and manage potential cyber security and privacy considerations.	Risk and Opportunity	Higher	

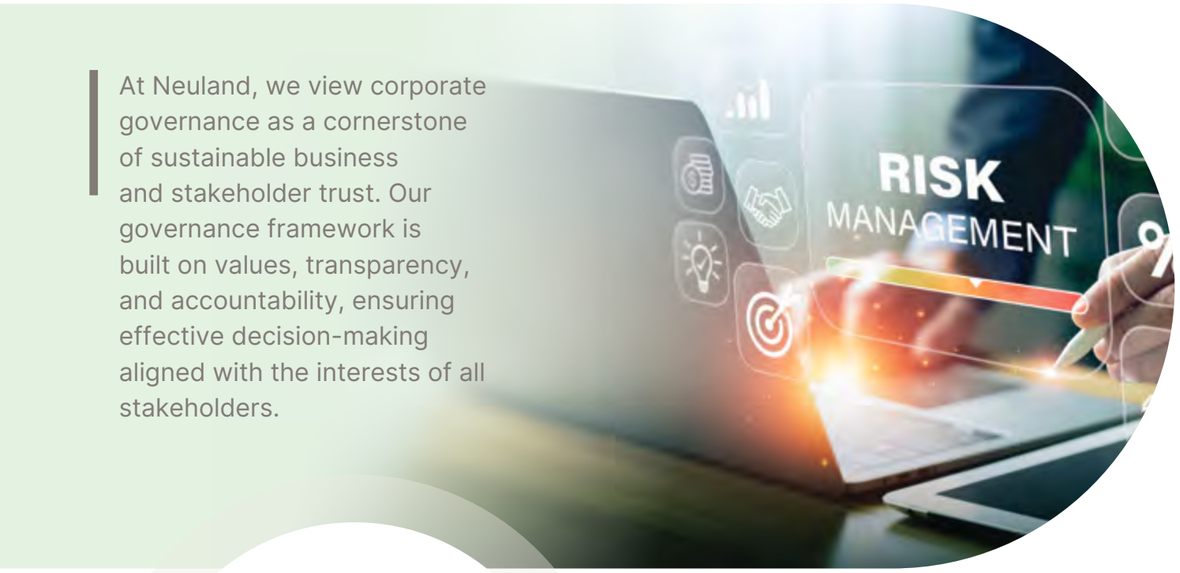
There has been no change to the list of material topics compared to the previous year. We conduct Materiality Assessment once every three years to ensure that the company's ESG strategy and goals remain aligned with evolving market trends, regulatory requirements, and stakeholder expectations. This interval allows for a thorough evaluation of emerging risks and opportunities without being overly burdensome.

Starting from FY 2025-26, we intend transitioning to a double materiality assessment approach, recognising both the financial and environmental/social impacts of our operations. This shift will provide a more comprehensive understanding of the risks and opportunities that affect not only our business but also our stakeholders and the broader society.

GOVERNANCE, RISK AND SUSTAINABILITY

Upholding Trust. Managing Risk.

At Neuland, we view corporate governance as a cornerstone of sustainable business and stakeholder trust. Our governance framework is built on values, transparency, and accountability, ensuring effective decision-making aligned with the interests of all stakeholders.



The Board is at the helm of Neuland's governance framework, steering the Company with strategic clarity, ethical leadership, and long-term vision. Our well-balanced single tier Board comprising individuals with diverse expertise, backgrounds, and perspectives ensures effective decision-making and robust oversight.

BOARD GOVERNANCE HIGHLIGHTS

100%

statutory committees chaired by Independent Directors

50%

of the Board comprises Independent Directors

100%

attendance at Board Meetings

BOARD COMMITTEES

The Board exercises oversight on various governance-related matters through specialised Board committees providing focussed guidance on key matters including risk, compliance, sustainability, audit, and stakeholder interests. The terms of reference of these Committees are available in the Corporate Governance section of this report.

Audit Committee*
Four Members
100% Independent Directors

Nomination & Remuneration Committee*
Three Members
100% Independent Directors

Stakeholders Relationship Committee*
Three Members
33% Independent Directors

Risk & Sustainability Committee*
Four Members
50% Independent Directors

Corporate Social Responsibility Committee*
Five Members
40% Independent Directors

Finance Committee
Five Members
40% Independent Directors

** Chaired by Independent Director*

Our Board Committees have detailed discussions on the areas delegated to them, and provide an update to the Board on their discussions and recommendations.

Separate meetings of our Independent Directors held with Statutory, Secretarial and Internal auditors, without the presence of management.

Profiles of our Board members and the detailed Corporate Governance Report can be found on pages 28 and 208, respectively, of this Annual Report.

ADVISORY BOARDS

In addition to oversight and guidance from the Board Committees, we are also guided by Advisory Boards to drive technology and R&D innovation.

Advisory Boards
- Scientific Advisory Board
- Technical Advisory Board

EXPERTISE OF OUR BOARD MEMBERS

87.5%
Pharmaceutical Industry/ Chemical Manufacturing and Development, Expertise in financial matters and Information Technology & Digital

100%
Corporate Governance, Strategy & Risk Management and Health, safety, environment and sustainability

62.5%
M&A/Capital Markets

75%
Sales, Marketing and Market Strategy

BOARD EFFECTIVENESS

The Nomination & Remuneration Committee, in consultation with the Board, has implemented a structured assessment process for Board evaluation. The process is designed to measure the effectiveness of the Board by evaluating the functioning of the Board, its Committees, and individual Directors annually. The collective effectiveness of the Board is considered to significantly impact performance.

Board's performance is assessed based on the roles and responsibilities outlined in the statute and the Company's policy. The Board evaluation process identifies efficiencies, maximises strengths, and highlights areas for further development to improve performance and effectiveness continually.

For more information about the criteria for evaluation, please refer to our Corporate Governance Report on pages 208.

CROSS-FUNCTIONAL EXPERTISE

Corporate governance is more effective when Board members serve on multiple committees. This ensures responsibility division, strategic consistency, and aligned goals and decisions across our Company. It promotes transparency, integrated decision-making, and collaboration.

Name of the Committee	Shared members with other Committees	Name of the other Committees
Audit Committee (AC)	Yes	NRC, FC, RSC, SRC and CSR
Stakeholders Relationship Committee (SRC)		AC, NRC, CSR, RSC and FC
Nomination & Remuneration Committee (NRC)		AC, RSC, FC, SRC, CSR
Corporate Social Responsibility Committee (CSR)		AC, RSC, FC, SRC, and NRC
Risk & Sustainability Committee (RSC)		AC, NRC, CSR, SRC and FC
Finance Committee (FC)		AC, NRC, CSR, RSC and SRC

CASE STUDY 1

Additional oversight in area of risk

AC RSC

Shared members between AC and RSC ensure that AC has additional oversight of financial risk and controls. This ensures efficient communication, coordination for risk management, leading to streamlined processes and enhanced organisational performance.

CASE STUDY 2

Double thrust in community well-being

RSC CSR

Shared members between RSC and CSR ensure that the community well-being initiatives are in line with our Company's ESG goals and UN SDGs adopted by our Company.

RISK MANAGEMENT

Neuland's Risk Management (ERM) programme integrates strategic, operational, compliance, and sustainability-related risks. Our approach is designed to be proactive, structured, and responsive.

Overview

1. **Risk Identification and Ownership** – Each critical risk has an assigned risk owner and mitigation lead(s).
2. **Risk Rating and Monitoring** – Risks are rated using a 5×5 matrix (likelihood × severity) with velocity indicators.
3. **Governance Oversight** – Regular reviews by the Leadership Council and Board Risk & Sustainability Committee.
4. **ERM Tools** – A centralised digital ERM platform allows real-time visibility into risk heatmaps and mitigation status.

Types of Risk Assessments

Health Checks
Routine assessments to track progress on mitigation

Deep Dives
Focussed reviews on critical risks such as Cybersecurity, Safety, and Regulatory Changes

Outside-in Validation
Peers and unfolding risk events are assessed for impact to the Company

Emerging risks workshops
Provide shape and identify relevance to Neuland in the medium to long run

Resilience testing
BCP, IT/DR and Crisis testing and simulation

SOURCE AND PERIODICITY OF RISK IDENTIFICATION AND REVIEWS

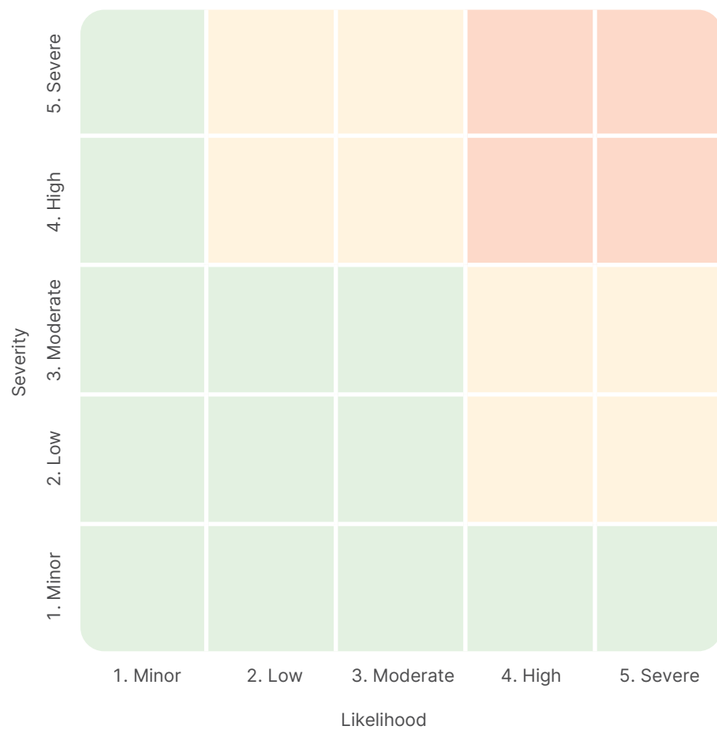
Summary	ERM	BCM	Emerging risks (new)	Risks to SBP
Source and periodicity	Risk workshops Quarterly to Annual	BCM RA workshop Annual	New Annual	Strategy team deep dive Annual
Ownership	Risk Owners and HODs	Integrated with ERM	Facilitator	Strategy team
Remarks	As per ERM framework Tracked through tool Additional ESG lens being created	As per ERM framework Tracked through tool	Urgency x Impact to SBP	Significant Impact to SBP Uploaded onto tool

NEULAND'S RISK APPETITE MATRIX AND RESPONSE FRAMEWORK

Risk Appetite	Action required
High If Severity 5, with high Velocity	Immediately Reduce with Contingency plan
Moderate If Severity or Likelihood ⇒4	Immediately Reduce
Low If Severity or Likelihood <=3 in	Reduce or Accept in line with Cost: Impact of Risk

Within the group, Risk Velocity is used to prioritise responses or actions

- Instant to 1 month
- Impact in 1 to 6 months
- Impact in > 6 months



KEY RISKS

Risk Theme	Rationale	Risk Rating (Based on Likelihood and Severity)	Velocity	More information available at
Safety and Health	Inherent to chemical and API industry	Moderate	Instant to 1 month	Human Capital
Quality and GxP	Risks inherent to pharmaceutical industry	Moderate	1-6 months	Manufactured Capital
Cybersecurity Risks	Increasing external drivers	Moderate	Instant to 1 month	Intellectual Capital
Compliance, Ethics and Fraud	Inherent to manufacturing industry/corporates	Low	1-6 months	Governance, Risk and Sustainability
Commercial and Execution Risks	Internal drivers	High	1-6 months	Intellectual and Manufactured Capital
Macro-economic Risks	External drivers	High	1-6 months	Mitigated via contract pass-through mechanisms
Business and Growth Risks	Internal/external drivers	High	>6 months	Strategic Priorities
Geopolitical Risks	External drivers	High	1-6 months	Emerging Risks
Supply Chain Risks	Inherent to pharmaceutical industry and external drivers	Moderate	1-6 months	Sustainable Supply Chain
HR/People Risks	External drivers	Moderate	>6 months	Human Capital

Low | Moderate | High | >6 months | 1-6 months | Instant to 1 month

FOSTERING A RISK-AWARE CULTURE

We promote a culture of accountability and awareness through:

- A structured **RACI** (Responsible, Accountable, Consulted, Informed) **model** to define roles and responsibilities
- **Scorecard integration** of ESG and risk KPIs for leaders, which is linked to their variable pay
- **Training and awareness programmes** to democratise risk thinking is carried out using in-person training as well as LMS systems
- **Risk Culture Diagnostics**, last conducted in FY 2021-22, to assess enabling conditions and areas for improvement

MONITORING EMERGING RISKS

We actively monitor external risks as part of our Enterprise Risk Management (ERM) programme. This enables us to minimise blind spots, assess organisational readiness for evolving risk scenarios, and stay aligned with global risk management trends and practices. Our approach includes:

- **Peer Risk Analysis:** We conduct quarterly analyses of investor transcripts and disclosures from industry peers to identify relevant risk themes, their impact, and mitigation strategies.
- **Global Benchmarking:** We draw insights from leading risk publications such as the World Economic Forum Global Risks Report, EIU Emerging Risk Reports, and annual industry surveys.
- **Scenario Planning:** Inputs from geopolitical, environmental, and economic risk forecasts are factored into our risk inventory to enhance preparedness and resilience.

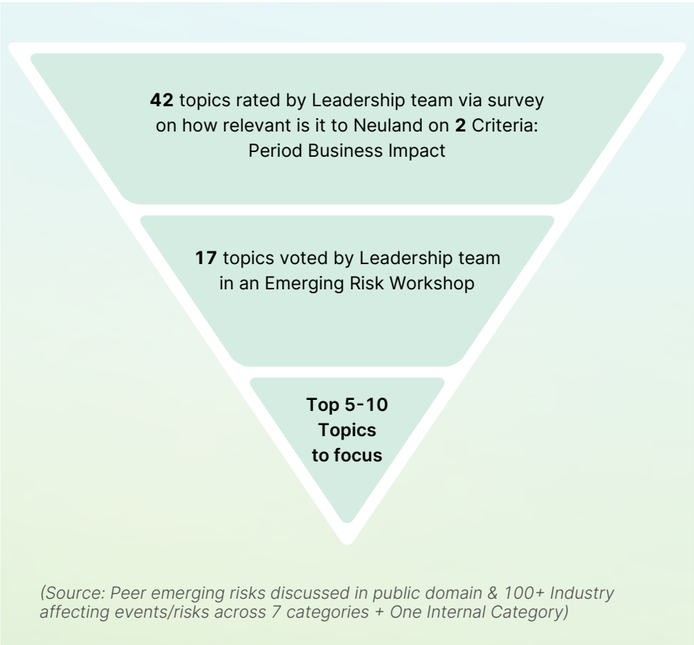
These efforts ensure that Neuland remains forward-looking and agile in identifying and addressing emerging risks in an increasingly complex environment.

PROGRESS IN FY 2024-25

Emerging Risks Identification

During the year, the Neuland Management Council, engaged in its maiden emerging risk workshop, to identify relevant emerging risks for Neuland in the short-run and long-run.

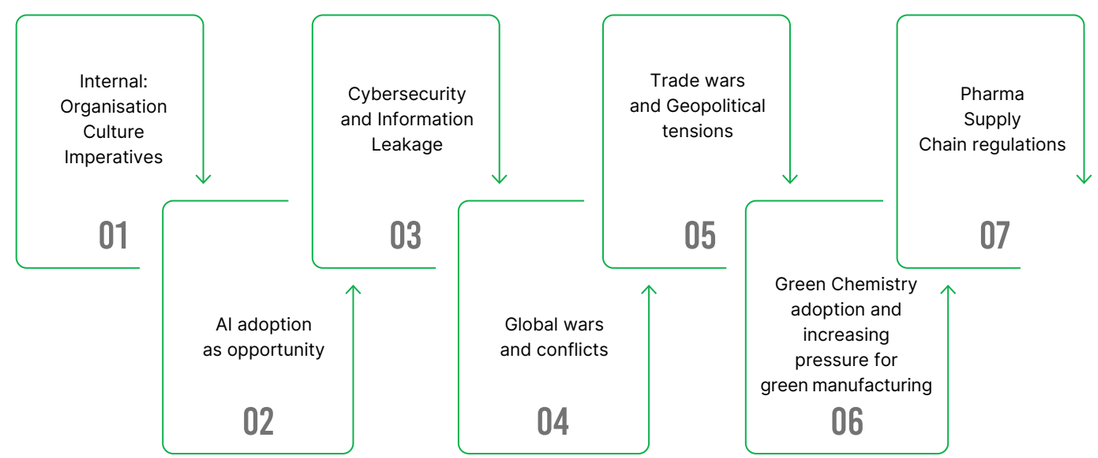
This excluded Climate change risks, that are being separately discussed as part of our TCFD initiative.



List of Topics

1. Pressure for greener technologies in manufacturing
2. Demand for reducing carbon footprint
3. Green Chemistry adoption
4. AI Adoption at work (as risk)
5. AI Adoption at work (as opportunity)
6. Work with Gen-Z and Millennials
7. Role of Org Culture
8. Trade Wars
9. Geopolitical tensions
10. Pharma Supply Chain Regulations
11. Drug Price Regulations
12. Global wars and conflicts
13. Advances in nano-medicine
14. New modalities taking over small molecules
15. Global Energy Crisis
16. Cybersecurity and information leakage
17. Tech breakthroughs in manufacturing

Through a structured process of pre-workshop survey, followed by voting and then deep dive discussions, seven topics were shortlisted as relevant to Neuland.



BUSINESS CONTINUITY (ALIGNED TO ISO 22301)

The Company initiated its formal BCMS programme, aligned to ISO 22301 scoping in all departments and locations, and aims to secure accreditation in FY 2025-26.

Our Phase 1 aligned to ISO 22301 was completed in February 2025. This covered extensive workshops, documentation and trainings aligned to ISO 22301.

IT/DR, BCP test plan(s) and Crisis simulation exercises for management were additionally carried out to test and strengthen resilience and crisis communication

During FY 2024-25, we witnessed an enhanced level of interest from our customers relating to BCMS, underscoring the importance of this initiative.

CYBER SECURITY RISK MANAGEMENT AND DATA PRIVACY

Neuland's Cybersecurity and Data Privacy Framework is continuously updated to align with global standards. Our privacy policy is aligned with EU GDPR and is being updated to Global Standards and Emerging regulations, and is being updated from time to time. In FY 2023-24, we successfully upgraded and recertified our Information Security Management System (ISMS) to ISO 27001:2022, reinforcing our commitment to world-class security practices.

GOVERNANCE

We continue to take a top-down approach to cyber risk governance. Our MD & Vice Chairman actively sponsors the IT/cybersecurity programme, signalling strong leadership commitment. Our Risk and Sustainability Committee includes members with experience in Information Technology and Cybersecurity, ensuring comprehensive oversight at the strategic level.

The governance of cyber risk is managed at different levels. The Chief Information Security Officer (CISO) is responsible for managing day-to-day operations related to cybersecurity and reports to Chief Information Officer (CIO). The CIO presents cybersecurity status and other updates to the Managing Director regularly.

Our Board has delegated the oversight of cybersecurity and other information technology risks to the Risk and Sustainability Committee. The Committee periodically engages on cybersecurity risks along with other key risks and mitigations, and provides an update to the Board.

More details on how we address cybersecurity and data privacy risks can be found in our Intellectual Capital Section on Page 76.

COMPLIANCE

Our Policies

Neuland's policies establish a framework for governance, ensuring transparency and accountability for actions within and outside the organisation. The key policies of the Company are listed below:

Available on the website of the Company

- Anti-Bribery and Anti-Corruption (ABAC) & Anti-Money Laundering (AML) Policy
- Corporate Social Responsibility (CSR) Policy
- Dividend Distribution Policy
- Code of Conduct for Board Members and Senior Management Personnel
- Related Party Transaction Policy
- Neuland Code of Fair Disclosures
- Material Event Policy Neuland
- Nomination and Remuneration Policy
- Policy for Determining Material Subsidiary
- Whistle Blower Policy
- Global Tax Policy
- Position on Policy Advocacy
- Supplier Code of Conduct
- Human Rights Commitment
- Prevention of Workplace Discrimination & Equal Opportunities Employment
- Code of Ethical Conduct
- EHS Policy
- Climate Change and Energy Policy

Available on the Intranet of the Company

- Neuland Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and their Immediate Relatives
- Information Security related policies
- HR related policies
- Environment, Health & Safety related policies
- Business Continuity Policy
- Risk Management Policy

During the year, certain policies were reviewed and revised to align with amendments in laws, evolving practices and with leading industry practices, including the following:

- Related Party Transaction Policy
- Nomination and Remuneration Policy
- Code of Internal procedures and Conduct for regulating, monitoring and reporting of trading by designated persons & their immediate relatives
- Code of Conduct for Board Members and Senior Management Personnel
- Policy on Determination of Materiality of Events or Information
- Policy for Determining Material Subsidiary
- Board Charter

COMPLIANCE AND ETHICS

We maintain a robust compliance framework supported by a dedicated team and a customised web-based platform that centralises the tracking and monitoring of statutory compliances. Regulatory updates are reviewed in consultation with relevant functions, and quarterly compliance status reports are shared with the Audit Committee and the Board.

Ensuring timely compliance is our priority. We employ technology to streamline our compliance processes, thereby ensuring adherence to environmental laws, securities laws, finance laws, and labour laws, among other regulations.

COMMITMENT TO ETHICS AND COMPLIANCE

Compliance Awareness Month

As part of our continued commitment to ethical business practices and regulatory compliance, during October 2024 we observed compliance awareness month with the theme, **Compliance Drives Business Growth**. This initiative aimed to reinforce our organisation's compliance culture, raise awareness about topics such as ethical conduct, anti-corruption and anti-bribery, anti-money laundering, prevention of sexual harassment, whistle-blower, human rights and adherence to statutory compliances.

Throughout the month, we organised a series of activities including, posters, danglers, refresher through digital boards, e-mails featuring compliance tips and policy highlights. We also conducted trainings and quizzes on compliance and rewarded the winners.

Compliance Pledge

As part of our efforts to foster a strong culture of ethics and accountability, all employees across the organisation participated in the **Compliance Pledge**. This initiative reaffirmed our collective commitment to integrity, transparency, and adherence to all applicable laws and internal policies.

By taking the Compliance Pledge, employees acknowledged their responsibility to:

- Act with honesty and uphold ethical standards in all business dealings
- Understand and comply with the company's Code of Conduct and relevant regulations
- Speak up and report any concerns or potential violations without fear of retaliation

By engaging employees across departments and levels, we continue to strengthen our compliance framework and maintain the highest standards of corporate governance. We remain committed to fostering a transparent and compliant organisational culture that aligns with both local regulations and global best practices.

Code of Ethical Conduct and Whistleblower Mechanism

Neuland fosters a culture of ethics, integrity, and accountability through a well-defined Code of Conduct. All employees are required to formally acknowledge the policy annually, and adherence is reinforced through regular training and assessments.

We follow a zero-tolerance approach towards breaches of ethical conduct, including discrimination and harassment. Disciplinary measures are taken as per the severity of violations, varying from warnings to termination.

Our Whistleblower policy and Vigil Mechanism provide a secure and confidential platform for employees and stakeholders to report unethical behaviour or policy violations and also provides protection against retaliation.

100% Adherence to the Code of Conduct of the Company is mandatory.

Communication of critical concerns

At Neuland, we uphold the highest standards of governance and regulatory compliance by ensuring that critical concerns are promptly communicated to our Board of Directors.

In addition to reporting any critical concerns related to business operations, technology and sustainability, we also provide quarterly updates on matters including whistleblower complaints, sexual harassment, cybersecurity breaches, insider trading, litigations, compliance adherence, and actions taken, if any. These critical concerns are usually identified through our grievance mechanisms, as a result of regular risk assessments, or an incident.

During FY 2024-25, no critical concerns impacting the organisation's business were raised by stakeholders through the grievance mechanisms or otherwise that required escalation to the Board of Directors.

INTERNAL CONTROLS MECHANISM

Our internal controls and audit mechanisms are designed to uphold transparency, accountability, and risk mitigation across all operations. Reputed audit firms conduct internal audits based on an annual plan approved by the Audit Committee. These audits cover core functions such as manufacturing, R&D, supply chain, finance, IT, and EHS, and follow international standards and risk-based methodologies. Additionally, statutory compliance and ESG reviews were conducted as part of internal audit during the year.

In addition, specialised third-party consultants review business-specific areas like quality systems, production management, and information security. Findings and recommendations are presented to the Audit Committee, which monitors implementation of corrective actions where needed.

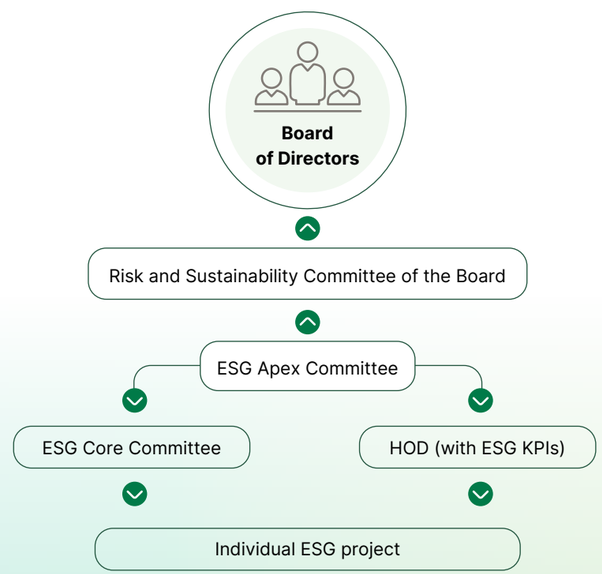
Board oversight on Compliance matters

The Audit Committee plays a central role in governance oversight. It regularly reviews internal audit findings including Company's applicable policies and procedures, management analyses, financial statements, related party transactions, statutory compliance, insider trading reports, and whistleblower updates. It also works closely with statutory auditors to evaluate the adequacy and effectiveness of internal control systems. Key outcomes and observations are reported to the Board for further review. During the year, an external review of the Company's high risk statutory compliances was conducted by Ernst & Young, our Internal Auditors and no non-compliance was observed.

SUSTAINABILITY

In line with our commitment to stakeholder trust and governance, we recognise our business practices, opportunities and risks are intricately connected with our environment and communities.

At the Board level, risk and sustainability governance is integrated through the Risk and Sustainability Committee (R&S Committee). The R&S Committee provides overall direction and oversight for the company's ESG strategy and ensures that ESG goals align with the company's long-term business strategy and that necessary resources and systems are in place to achieve these goals. The Committee also reviews the company's ESG performance and impacts thereof.



At an organisational level, we have established a dedicated organisation structure leading up to the ESG Apex Committee. The Apex Committee comprises leaders accountable for ESG and is responsible for strategising, approving and directing implementation of ESG initiatives across the company. It sets clear ESG objectives and monitors progress against goals, and other impacts across various functions to ensure alignment with ESG strategy.

The ESG Core committee comprises leaders and members from both corporate and operational units, meeting monthly, and are responsible for implementation, reviewing progress on ESG projects and metrics, addressing local compliance issues and other impacts.

The Heads of Departments (HODs) are responsible for integrating ESG goals within their respective departments. Performance is tracked monthly through KPIs, which are aligned with the company's sustainability targets.

ESG projects are cascaded down, and the team members are enabled via training and handholding by specialists and consultants. On the ground, specific initiatives or actions are typically led by cross-functional teams and these projects focus on tangible outcomes like reducing carbon emissions, improving employee welfare, or ensuring ethical sourcing.

All operational ESG risks and potential impacts are integrated in the Company's ERM framework, and addressed as part of the risk management efforts of the company.

Climate Change risks and TCFD

Climate Change risk is on our watchlist as part of emerging enterprise risks to the organisation. In FY 2022-23, we also adopted the Task Force for Climate Related financial disclosures (TCFD) framework in order to ascertain the resilience of our business strategy to climate related risks. In FY 2023-24, five climate change risks were identified but their probability and impact on our operations are yet to be determined through studies. Details are provided in the last part of this section.

During FY 2024-25 our progress on Climate risks included filing our SBTi successfully and as on the date of this report, we are awaiting validation. We also filed our CDP and have been rated C for Climate Risk, and A- for Water. Both are closely knit with the TCFD progress and effort.

We have recently initiated a formal TCFD project that will attempt to consolidate the work done so far, as well as quantify financial risks and opportunities from Climate Change. Our TCFD progress reports can be accessed from our website.

Physical or Transition risks	Brief Description	Current Mitigation
Riverine Floods Physical Risk	Neuland's sites in Hyderabad are exposed to high riverine flood risks due to the city's susceptibility to heavy rainfall and flooding. These physical risks pose significant threats to the company's operations and business continuity. The heavy rainfall and flooding have an impact on the ease and ability of employees and workers to commute to the workplace during such events. Flood risks additionally may result in risk of loss of life and damage to infrastructure.	The local municipal corporation actively addresses flood risks through various measures, such as improving the drainage system, controlling encroachments in catchment areas, and conserving and protecting areas requiring groundwater recharge. Neuland incorporates flood risk considerations into its business continuity plan to enhance resilience against potential flood events.
Supply Chain Impact from Extreme Weather Events Physical Risk	Extreme weather events can disrupt Neuland's supply chain, resulting in delays in material despatch and receipt.	Neuland is currently evaluating critical supplier sites for eco-system integrity on parameters such as climate events, water stress and biodiversity impact, to ensure supply chain resilience.
Policy or Regulatory Pressure Requiring Transition from Coal-Fired Boiler Transition Risk	Transitioning from a coal-fired boiler to a gas-based boiler presents transition risks, such as a 50% reduction in capacity and potential gas unavailability.	Neuland aims to assess the impact on capacity and gas availability. The Company is also keen on understanding if this transition effectively reduces greenhouse gas (GHG) emissions.
Employee Training for Operational Changes Transition Risks	Transitioning to new paradigms and technologies may require educating employees to adapt to operational changes effectively.	Neuland has initiated necessary training for employees to familiarise them with new paradigms and technologies once the transition strategy is finalised.
Extreme Heat and its Consequences on Our People and Operations (New) Physical risks	2024 summers have seen unprecedented high temperatures of >46 degrees centigrade in some of the districts. India is witnessing severe to extreme weather conditions and some of these events may have indirect consequences on our workforce and supply chain operations.	Neuland is evaluating the consequences and mitigations of these extreme temperature events on our construction and supply chain operations and workforce.

STRATEGIC PRIORITIES

Focussed Strategy, Enduring Success

01

Invest in new technologies that are valued by our customers and help us differentiate vs. peers

- Build deep, industrial scale capabilities in transformative technologies
- Invest proactively in adjacent technologies enabling effective capture of near-term market opportunities
- Strategically position the company to capture growth opportunities in specialised therapeutic segments

02

Operational excellence to enable world-class asset productivity and OTIF delivery

- Strengthen multi-purpose manufacturing capabilities to consistently achieve best-in-class customer OTIF delivery
- Drive continuous improvement initiatives to sustain high asset productivity and operational efficiency
- Operationalise a state-of-the-art peptide manufacturing-scale facility featuring advanced automation and versatile reactor lines to effectively service diverse batch requirements

03

Trusted customer relationships based on delivery excellence & deep understanding of their needs

- Activist PMO to ensure on-time delivery of all projects (across CMS and GDS segments) at or below target costs, strengthening customer trust through consistent performance
- Unlock R&D productivity through well-defined processes, optimised for efficiency

04

Digitise to enable transparency, compliance, speed of decision-making and ease of doing business

- Leverage SAP HANA integrating business processes, enabling real-time analytics and streamlined operations
- Explore applications to identify opportunities for greater efficiency and innovation across business processes

05

Build a world-class talent pipeline & employee value proposition to enable future growth

- Build the right depth and quality of skills across functions, down to mid-management levels
- Redesign the employee value proposition, aligning incentives with company growth and performance, empowering employees to win and grow with the organisation, especially for critical talent
- Position the company as a leading and sustainable workplace

06

Human health leader within complex spaces that are niche and high margin

- Focussed excellence in small molecules for human health, and over-time invest in newer modalities aligning with evolving customer demand
- Drive targeted growth in GDS business by focussing on quality-conscious customers and expanding a high-value portfolio of specialty APIs, deepening penetration in regulated markets and among top formulators and innovators
- Continue to expand manufacturing capabilities in India while strategically evaluating opportunities outside India to access specialised capabilities and capture niche market opportunities

ESG STRATEGY

Progress against our Commitments and Goals

In FY 2024-25, we strengthened our ESG commitment by introducing new goals and KPIs within our priorities. These additions build on the foundation laid in FY 2023-24 and reflect our commitment to continuous improvement, enhanced performance tracking, and responsiveness to stakeholder expectations. At the same time, we continue to monitor and report progress against the KPIs established in FY 2023-24 to ensure consistency and accountability. This approach reinforces our integration of ESG principles into core operations and supports long-term value creation for our stakeholders, the environment, and the communities we serve.

ENVIRONMENT

Focus Area	Our Commitments	Key Goals (Balanced Scorecard)	Progress in FY 2024-25
Emissions and Climate Change	Reduce both direct (Scope 1 & 2) and indirect (Scope 3) emissions. Adopt cleaner technologies and improve energy efficiency.	FY 2033-34: 58.8%* reduction in Scope 1 & 2 emissions (FY 2023-24 baseline) FY 2049-50: Achieve Net Zero in absolute emissions (subject to residual ~10%)	During the year, we determined our baseline as FY 2023-24 for our Scope 1-3 emissions and successfully submitted the same with SBTi This included Scope 3 emission data for all 9 categories applicable to us In the coming periods, we will report on our GHG emission reductions.
		FY 2033-34: 63.8% *reduction in indirect Scope 3 emissions (FY 2023-24 baseline) FY 2049-50: Achieve net-zero emissions across operations and value chain (subject to residual ~10%)	
Water Management	Improve water use efficiency and move toward water neutrality.	FY 2034-35: Achieve 25% water neutrality FY 2049-50: Achieve 100% water neutrality	Being in notified industrial areas, ground water restoration or usage is not feasible. We carried out a water conservation study in Unit-III and determined opportunities to conserve water. We plan to deploy the feasible recommendations in all our locations During the year, a waterbody rejuvenation project was initiated by the Company that aims at balancing ~50% of FY 2024-25's water consumption by FY 2028-29
Effluent and Waste	Maintain Zero Liquid Discharge (ZLD) status for our manufacturing operations, reduce solid waste, and ensure 100% co-processing	Maintain Zero Waste to Landfill	Achieved and continuously monitored
		100% co-processing of hazardous waste	99.9% achieved. On track.
		Maintain ZLD status of effluents	Achieved, and continuously monitored
R&D and Innovation	Drive sustainable R&D and technology innovation to reduce environmental impact.	Adoption of Green Chemistry and aim to achieve Zero solvent carbon footprint	Sustainability screening has been initiated for GDS products. Green chemistry is being adopted in all new GDS R&D projects
		Commit to annual Life Cycle Analysis (LCA) of 2 molecules per annum from FY 2025-26	In FY 2024-25, we completed life cycle assessment (LCA) for our Ciprofloxacin HCL family of products and initiated LCA for another product

*Based on SBTi submission/validation, the numbers may be recalibrated.

SOCIAL

Focus Area	Our Commitments	Key Goals (Balanced Scorecard)	Progress in FY 2024-25
Occupational Health and Safety	Committed to striving Goal Zero in terms of health and injuries	Maintain Zero Fatality	Maintained Zero Fatality
		Maintain Nil Long-term Injury Frequency Rate (LTIFR)	Maintained Nil LTIFR. In FY 2024-25, British Safety Council awarded Five star for Unit-II & Unit-III and Sword of Honor for Unit-III
Diversity and Inclusion	Promote equal opportunity and build a more inclusive workplace	FY 2029-30: 10% women in management	On-track. 7.5% of women are currently in management.
		FY 2029-30: 16% of all hirings will be women	On-track. During FY 2024-25, 15.5% of hirings were women
		FY 2029-30: 0.5% of employees will be PwD and other genders (LGBTQIA+)	Presently, the proportion is <0.1%. We will continue to progress on this in FY 2025-26
Community well-being	Support health, education, and livelihood initiatives for underserved communities	Ensure >60% of social impact investments made on well-being of neighbouring communities	>95% of FY 2024-25 social impact investments were in neighbouring communities

GOVERNANCE

Focus Area	Our Commitments	Key Goals (Balanced Scorecard)	Progress in FY 2024-25
Ethics and Compliance	Ensure integrity, fairness, and full legal compliance in all business practices.	Ensure systems and processes in place to ensure continued Zero instances of bribery and corruption	There were no breaches in terms of bribery and corruption.
Business Continuity & Risk Management	Build resilience through enterprise-wide risk management, crisis readiness, and business continuity plans.	Mature ERM programme embracing strategic priorities, emerging risks and resilience	The Company initiated its formal BCMS programme, aligned to ISO 22301 scoping in all departments and locations, and aims to secure accreditation by FY 2025-26.
Digitalisation	Digitise to Enable transparency, Compliance, Speed of decision-making & Ease of doing business, leveraging AI	>90% of business process digitised across key functions by 2030	As part of enablement of our Strategic Business Plan, in FY 2024-25, a baseline score was determined and a yearly roadmap was developed and presented to the Board.
Sustainable Supply Chain	Build a responsible and transparent supply chain that supports sustainability goals.	Create a roadmap for a sustainable supply chain with clearly defined milestones	In progress. • Comprehensive GHG inventorisation drive across our leading suppliers covering 90% of our procurement by volume. was carried out in FY 2024-25 • Three awareness programmes on ESG and carbon footprint covering 213 Value chain partners was carried out as part of our capability building efforts • >25% of our suppliers by value were screened through ESG factors

STAKEHOLDER ENGAGEMENT

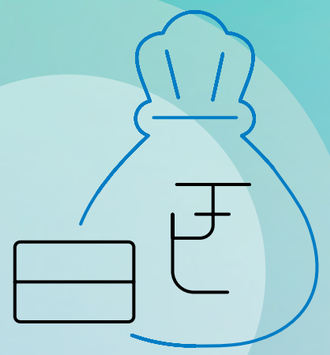
Fulfilling the Neuland Promise Together

Engaging with our stakeholders meaningfully helps us stay aligned with evolving expectations, strengthen relationships, and deliver shared value. We maintain open, consistent and transparent dialogue to ensure we remain responsive, responsible, and resilient across our operations.

STAKEHOLDER GROUP	HOW WE ENGAGE	FREQUENCY OF ENGAGEMENT	TOPICS OF RELEVANCE
Customers Our customers are essential to our mission of enabling better health outcomes. Their trust, feedback, and evolving needs help shape our innovation pipeline and commitment to delivery excellence.	• Customer meets and visits • Customer audits • Customer surveys • Structured engagement with select customers	Frequent	• To achieve greater market penetration and expand into new geographies • To introduce new products and services • To address customer queries and feedback • To uphold transparency, creditworthiness, and ethical business practices
Employees and Workers Our employees are our most valuable assets. Their passion, skills, and contributions fuel our innovation, operational excellence, and culture of integrity.	• Performance feedback and employee surveys • Training sessions and toolbox talks (for workers) • Email, digital and physical notice boards • Executive management site visits and walkthroughs • Small group meetings with CEO and other members of the Senior Leadership Team • Quarterly Townhalls with the Head of the Function	Daily	• Two-way communication and updates on Company and industry developments • On-the-Job Training, recognition and celebrations • Sharing company values, safety protocols, and well-being programmes
Board and Committees of the Board The Board and its Committees guide our long-term direction, assess risks, and uphold governance standards, ensuring the Company delivers sustained stakeholder value.	• Presentations and operational reports • Awareness sessions and surveys	At least once a quarter	• Business performance, strategy and risk management • ESG programmes, material topics survey, compliance updates • Audit reviews, legal developments, and continuity planning

STAKEHOLDER GROUP	HOW WE ENGAGE	FREQUENCY OF ENGAGEMENT	TOPICS OF RELEVANCE
Suppliers Suppliers are vital partners in our value chain. We collaborate to uphold quality, regulatory standards, and responsible sourcing practices.	• Supplier audits and meetings • Grievance redressal mechanisms • Topic-based and need-specific engagement	Frequent and need-based	• cGMP compliance and continuous improvement • ESG awareness and supplier code of conduct • Timely and quality supply assurance
Government and Regulators We maintain a collaborative relationship with regulatory authorities to ensure compliance, facilitate business continuity, and contribute to policy dialogues.	• Regulatory filings and submissions • Facility visits and structured meetings • Email and Company website	Event-based	• Regulatory approvals and legal compliance • Support for product development and business operations
Local Communities As a responsible corporate citizen, we strive to improve the quality of life of local communities through inclusive development and sustainability programmes.	• Digital communications and field visits • CSR and sustainability projects	Frequent and need-based	• Needs assessment and local development • Sustainable ecosystem creation
Investors and Financial Partners Investors play a crucial role in enabling our growth. We are committed to transparent disclosures and building long-term trust through consistent performance and engagement.	• Quarterly investor communications and meets • Annual and sustainability reports • AGMs and regulatory filings	Quarterly and need-based	• Business performance and financial updates • Growth strategy, risks and opportunities • ESG initiatives and material disclosures

Financial Capital



AT NEULAND, WE DEPLOY OUR FINANCIAL CAPITAL JUDICIOUSLY AND RESPONSIBLY TO PROTECT OUR BUSINESS AND ENHANCE VALUE CREATION FOR STAKEHOLDERS IN A SUSTAINABLE MANNER.

LONG-TERM VALUE CREATION IS ENABLED THROUGH DISCIPLINED EXECUTION, STRATEGIC INVESTMENTS, AND RESPONSIBLE CAPITAL DEPLOYMENT. WE CONTINUE TO MAKE OUR BUSINESS RESILIENT BY OPTIMISING OPERATIONS, IMPROVING CASH FLOW, AND MAINTAINING A HEALTHY BALANCE SHEET. OUR CAPITAL ALLOCATION APPROACH BALANCES NEAR-TERM PRIORITIES WITH LONG-TERM GROWTH, GUIDED BY A STRUCTURED AND RISK-AWARE FRAMEWORK. WE REMAIN COMMITTED TO COST EFFICIENCY, SUSTAINABILITY, AND GOVERNANCE EXCELLENCE. OUR TAX PRACTICES REFLECT TRANSPARENCY, SIMPLICITY, AND ETHICAL CONDUCT, SUPPORTED BY REGULAR AUDITS AND CLEAR STAKEHOLDER DISCLOSURES. ACROSS ALL DECISIONS, WE PRIORITISE FINANCIAL PRUDENCE, REGULATORY COMPLIANCE, AND STAKEHOLDER TRUST.

At Neuland, we view business growth as a long-term journey shaped by scientific excellence, strategic foresight, and operational agility. Our approach embraces the inherent variability of the CDMO and API sectors, focussing on sustained value creation rather than short-term outcomes. We prioritise high-impact collaborations, invest in scalable capacities, and build deep chemistry capabilities. By aligning with innovators and adapting to evolving market dynamics, we remain committed to delivering resilient, innovation-led growth across CMS and GDS businesses.

₹ 1,476.84 crore
Revenue

22.89%
EBITDA margin

₹ 1,517.79 crore
Net worth

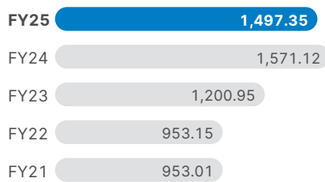
₹ 317.49 crore
Cashflow from Operations

₹ 206.45 crore
Capex

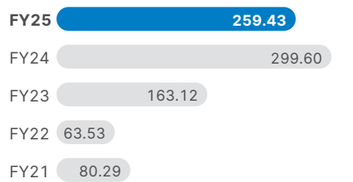
₹ 61.24 crore
R&D Investments

KEY PERFORMANCE INDICATORS

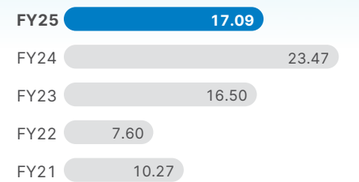
Total Income (₹ in crore)



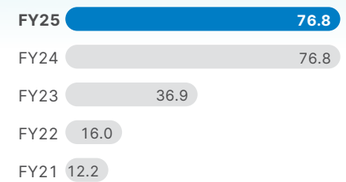
Profit After Tax (₹ in crore)



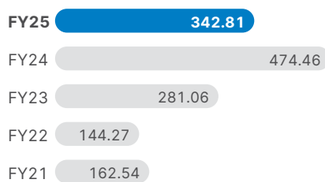
Return on Equity (in %)



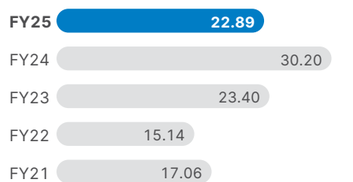
Interest Coverage Ratio (in x)



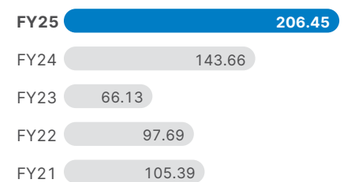
EBITDA (₹ in crore)



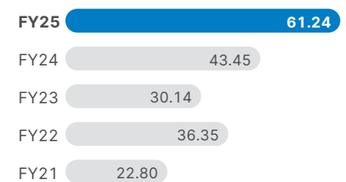
EBITDA Margin (in %)



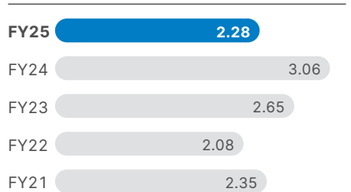
Capex (₹ in crore)



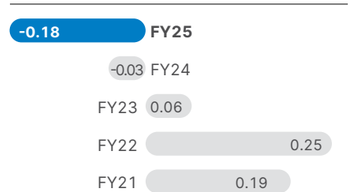
R&D Expenditure (₹ in crore)



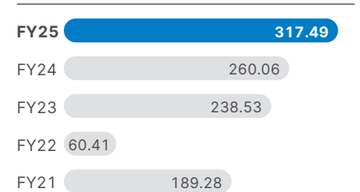
Fixed Asset Turnover Ratio



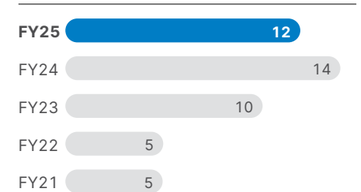
Net Debt to Equity (in times)



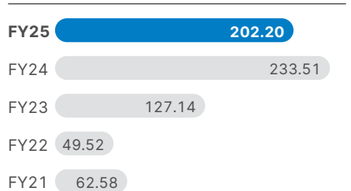
Cashflow from Operations (₹ in crore)



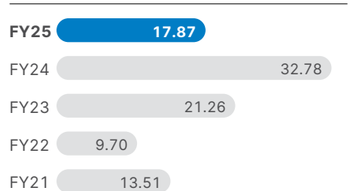
Dividend Per Share (₹)



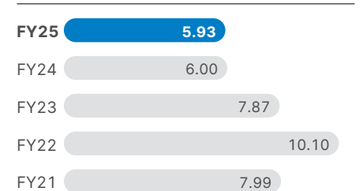
EPS (₹ per share)



Return on Capital Employed (in %)



Dividend Payout Ratio (in %)



FY 2024-25 PERFORMANCE REVIEW

We saw marginal decrease in topline in FY 2024-25 as compared to FY 2023-24, which is further reflected in terms of decline in operating margins and profits.

In FY 2024-25, our total income stood at ₹ 1,497.35 crore versus ₹ 1,571.12 crore, a marginal degrowth of 4.7%. EBITDA, excluding exceptional items, stood at ₹ 342.81 crore in FY 2024-25 as compared to ₹ 474.47 crore in FY 2023-24. We generated a free cash flow in the full year of ₹ 111.04 crore. We also paid back some of our term loan debt of around ₹ 39.44 crore. Our net debt position stands at a negative of ₹ 228.74 crore as at March 31, 2025 as against negative ₹ 32.64 crore as at March 31, 2024.

We continue to focus on cash to optimise our working capital, which stood at 107 days of sales at the end of March 2025.

VALUE CREATION AND PRUDENT CAPITAL ALLOCATION

We deploy our financial capital judiciously and responsibly to safeguard business continuity and drive sustainable value creation for all stakeholders.

Our capital allocation follows a structured process that considers risks and stays flexible to meet changing business needs and market conditions. Our growth strategy balances both near-term and long-term capital expenditure requirements – while ensuring optimal capital retention and a prudent dividend distribution policy.

As part of our overall investments, we have invested ₹ 206.45 crore in capital spends and are committed to balancing growth and profitability by continuously optimising costs and processes to ensure long-term sustainability.

The Board undertakes a comprehensive review of macroeconomic conditions and sector-specific trends before making dividend recommendations. In FY 2024-25, our dividend pay-out of approximately 5.9% of profit after tax (PAT) reflects our disciplined capital management philosophy and continued focus on long-term value creation, even as we reinvest strategically for future growth.

TAX STRATEGY

Our Company maintains a straightforward corporate structure, with minimal transactional complexities with our subsidiary companies, thereby negating the need for an elaborate Taxation Strategy and Tax Transparency report. Our tax policy, founded on principles of honesty and integrity, fairness, legality, and transparency, affirms our commitment to simplicity and clarity in our tax affairs.

We engage in transparent and constructive dialogues with tax authorities, fostering trust and cooperation. Our leadership exemplifies 'tone at the top' by promoting ethical tax practices.

Both direct and indirect taxes are reviewed and/or audited by our statutory auditors as well as tax auditors every year, who ensure our compliance with tax laws and regulations. Contingencies and claims are separately captured (see Page 305 in our Financial reports).

Stakeholders who review our reports are provided with clear and concise tax information.

Our Global tax policy can be accessed from our website.

TAX REPORTING

Our Company has two subsidiaries, Neuland Laboratories K.K., Japan and Neuland Laboratories Inc. USA, working on marketing and business support. Our 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.

The following table provides an overview of key business, financial and tax information for each tax jurisdiction for the year FY 2024-25.

(₹ in lakhs)

Particulars	Neuland Laboratories Ltd, India	Neuland Laboratories K.K., Japan	Neuland Laboratories Inc, USA	Interunit Elimination	Consolidated Financials, Neuland Laboratories Ltd
Primary activity	Pharma API and CDMO manufacturing and sales	Marketing and Business Support Services	Marketing and Business Support Services	-	-
No. of employees	1,794	2	3	-	1,799
Total Income (₹ lakhs)	1,49,734.59	1,635.06	294.45	(1,929.44)	1,49,734.66
Profit before tax	34,537.33	81.12	14.45	-	34,632.90
Income tax accrued (current year)	8,594.79	18.16	9.14	-	8,622.09
Income tax paid	7,461.94	4.36	6.32	-	7,472.62

The audited financials of our subsidiaries can be accessed from our website at https://www.neulandlabs.com/en/investors/financials-and-reports/subsidiary-financials

(₹ in crore)

Economic Value Added	FY 2024-25	FY 2023-24	FY 2022-23
Gross Revenue	1,476.84	1,558.58	1,191.20
Revenue from financial investments and other sources	20.51	12.54	9.75
Direct Economic Value Generated (A)	1,497.35	1,571.12	1,200.95
Operating Costs	816.05	793.5	666.56
Employee Benefit Expenses	261.40	248.53	194.84
Payment made to providers of fund	8.30	14.00	13.07
Other Expenses	137.70	111.35	109.51
Payment to Government	85.95	101.17	52.09
CSR Spend	4.92	2.97	1.76
Direct Economic Value Distributed (B)	1,314.32	1,271.52	1,037.83
Economic Value Retained (A-B)	183.03*	299.6	163.12

** Economic Value Retained excludes exceptional item of ₹ 76.40 crore*

Manufactured Capital

AT NEULAND, MANUFACTURING IS MORE THAN CAPABILITY – IT IS OUR COMMITMENT TO QUALITY, AGILITY, AND GLOBAL EXCELLENCE. OUR WORLD-CLASS FACILITIES IN HYDERABAD ENABLE US TO RESPOND SWIFTLY TO EVOLVING CUSTOMER NEEDS WHILE MAINTAINING THE HIGHEST STANDARDS OF COMPLIANCE.

With a focus on high-value molecules, digital innovation, and operational resilience, we continue to invest in scalable infrastructure and sustainable processes. These strengths, rooted in a culture of accountability and customer-centricity, position us to navigate challenges and seize long-term opportunities in a dynamic industry landscape.

SDG LINKAGES

1,174 KL
API Manufacturing Capacity

170+ KL/D
Solvent Recovery System

17.5+ KL
Hydrogenation Reaction Volume

18+
Production blocks
(2,800-4,500 m² each)

56+ KL
Cryogenic Reaction Volume

DELIVERING EXCELLENCE THROUGH WORLD-CLASS FACILITIES

Located around Hyderabad, our three advanced manufacturing facilities underpin our API production strategy and global delivery commitments. These facilities cater to both domestic and international markets, and are designed to uphold the highest standards of quality, efficiency, and compliance.

All facilities operate in line with stringent current Good Manufacturing Practices (cGMP), enabling us to consistently deliver high-quality APIs across a diverse therapeutic portfolio. Our plants have been successfully audited and approved by leading global regulatory authorities, including the USFDA, EDQM, BfArM (Germany), TGA (Australia), PMDA (Japan), AFSSAPS (France), ANVISA (Brazil), and Cofepris (Mexico). The continued compliance across multiple inspections reflects our unwavering commitment to regulatory excellence.

Our manufacturing network is capable of handling both high-volume, complex and niche APIs. This scale and flexibility allow us to meet the evolving requirements of a wide global customer base. In addition, we have dedicated mini-plants designed specifically to support the development and scale-up of new API processes, enhancing our responsiveness to customer needs and accelerating time-to-market for innovative products.

Neuland's manufacturing capability is uniquely positioned to address backward integration as well as multipurpose manufacturing.

Backward integration in terms of manufacturing early intermediates, for key APIs, enhances our control over the entire production process, from material sourcing to final product delivery ultimately delivering high quality APIs in a timely manner.

Our multipurpose plants provide the flexibility to serve diverse markets and this adaptability ensures quick response to changing market demands, whether in developed or emerging regions. By maintaining uniformity in quality compliance and operating practices across all production lines, our plants guarantee consistent product quality, regulatory adherence, and efficient operations, supporting a wide range of customer requirements and fostering long-term market reliability.

Unit-I – Bonthapally

Established in 1986, our Unit-I facility is Neuland's first manufacturing facility. It stands as a testament to our commitment and strategic focus on organic growth. The consistent YoY improvement in asset-turnover ratio reflects our strength and capabilities. The facility plays a key role in the production of API's across wide range of therapeutic areas.

Key Highlights

258 KL
API manufacturing capacity

7
production blocks

0.88 KL
hydrogenation reaction volume

4.7 KL
cryogenic reaction volume

100 KL/day
solvent recovery system

USFDA, EDQM, CFDA, PMDA
Regulatory approvals

FY 2024-25 Updates

Capacity for Rotigotine and Dorzolamide (GDS category) was doubled to meet increased customer demand

Unit-II – Pashamylaram

Established in 1994, our Unit-II consists of 6 production blocks having flexibility to manufacture multiple API and Intermediate. The facility manufactures some of the key and complex API's of Neuland.

Key Highlights

6
production blocks

381 KL
API manufacturing capacity

6 KL
hydrogenation reaction volume

17 KL
cryogenic reaction volume

20+ KL/day
solvent recovery system

USFDA, EDQM, CFDA, ANVISA
Regulatory approvals

FY 2024-25 Updates

Capacity for Ezetimibe enhanced from 8 MTPA to 12 MTPA to meet growing customer demand

Unit-III – Gaddapotharam

Acquired in 2017, our Unit-III facility is our most recent. The new blocks in this facility serve as a testament to the kind of investments in automation and digitisation we plan to carry out to meet Neuland's strategic priorities.

Key Highlights

6
production blocks

536 KL
API manufacturing capacity

6 KL
hydrogenation reaction volume

16 kl
cryogenic reaction volume

50 KL/day
solvent recovery system

USFDA, ANVISA
Regulatory approvals

FY 2024-25 Updates

- Added 215 KL of volumetric capacity to support increased customer demand, enabling scale-up of a key product from 50 MT to 150 MT
- Enhanced capacity for one CMS molecule from 15 MT to 30 MT
- Commissioned a 4 KL of volumetric capacity mini plant to address small-scale CMS requirements

INVESTING IN SCALABLE, FUTURE-READY INFRASTRUCTURE

In FY 2024-25, we continued to advance our infrastructure to support long-term growth and evolving customer needs. At Unit-III, we completed new production blocks, and we expect commercial operations to begin in the second half of FY 2025-26.

A key highlight of the year was the announcement of a US$ 30 million investment to expand our peptide manufacturing capabilities. The new facility, coming up at Unit-I, will be a state-of-the-art, multi-product, multi-modular peptide plant, fully automated through Distributed Control Systems (DCS). It is designed to support the needs of innovators as well as complex generics formulators, enabling flexible and compliant manufacturing at scale. A portion of the investment is also being directed towards upgrading our existing pilot-scale peptide setup, also located in Unit-I.

These investments reflect our belief in the long-term potential of peptides and our intent to scale with agility and purpose, backed by over 15 years of peptide expertise. The infrastructure will enable us to seamlessly move from lab to pilot to commercial scale, helping us meet customer demand more effectively.

ENHANCING MANUFACTURING WITH AUTOMATION AND TECHNOLOGY

Investing in technologies that add value to customers and differentiate us in the industry continues to be a strategic priority. During the year, we made meaningful strides in automation and digitalisation across our manufacturing network.

As part of our ongoing improvement efforts, we have implemented several upgrades at Unit-III to enhance operational efficiency, safety, and environmental compliance. These improvements are aimed at optimising production processes and will serve as a benchmark for potential implementation across other locations. By introducing automation and advanced technologies, we are working to improve process precision, reduce risks, and ensure sustainable and compliant operations.

Key improvements include:

Automation of a 215 KL production block
using Distributed Control Systems (DCS) for better control and efficiency across various process stages.

Automated solvent dispensing
for controlled transfer from bulk tanks to day tanks, improving safety and environmental standards.

Digital equipment status board
for real-time tracking of equipment performance and utilisation.

Closed-loop powder handling system
with the Nauta dryer to ensure dust-free material transfer and enhance safety.

These upgrades at Unit-III reflect our commitment to enhancing operational standards and are intended to be extended to other locations in due course.

EMBEDDING SUSTAINABILITY INTO MANUFACTURING PRACTICES

We deepened our commitment to sustainability by integrating environmentally responsible practices across our manufacturing operations. These efforts are aimed at improving resource efficiency, reducing our environmental footprint, and ensuring long-term operational resilience.

Key initiatives included:

Energy Efficiency
We deployed energy-efficient technologies and practices across our sites to reduce power consumption and lower greenhouse gas emissions.

Waste Management
Our waste handling systems were enhanced to reduce generation at source and increase recycling and co-processing, contributing to cleaner and more efficient production cycles.

Water Conservation
We implemented water-saving measures such as optimised wastewater treatment.

Green Chemistry Integration
We advanced the use of green chemistry principles by reducing hazardous substances in chemical processes, optimising reactions through catalysis, and adopting energy-efficient synthesis methods. We also increased our focus on sourcing raw materials from sustainable and renewable sources.

Process Optimisation
Several processes were reengineered to minimise waste and improve material efficiency, contributing to both cost-effectiveness and environmental sustainability.

DRIVING OPERATIONAL EFFICIENCY AND ASSET PRODUCTIVITY

Operational excellence and asset productivity are high focus areas. We have implemented several initiatives to enhance efficiency, streamline processes, and ensure high levels of OTIF (On-Time, In-Full) delivery.

A clearly defined set of quantitative KPIs across the manufacturing function closely monitor performance to ensure efficiencies. These KPIs include occupancy rates, out-of-specification (OOS) percentage, yields, and adherence to production and despatch schedules – all of which directly impact OTIF delivery.

To maximise asset productivity, we have adopted a multi-layered approach to capacity and resource planning. This begins with a five-year strategic roadmap, further refined into annual and quarterly plans. Challenges identified at the product-line level are addressed through lean manufacturing interventions – such as line balancing and process scale-up – within existing infrastructure, before expanding into new capacity.

UPHOLDING QUALITY AND COMPLIANCE ACROSS MANUFACTURING

Quality continues to be at the core of Neuland's manufacturing strategy, ensuring that every product meets the highest standards of safety and efficacy. In FY 2024-25, we made substantial progress in reinforcing our Quality Management System (QMS) through a combination of technology enablement, process discipline, and a culture rooted in ownership and accountability.

Our digitalisation efforts were accelerated with the rollout of new Laboratory Information Management System (LIMS) modules for finished product testing, stability studies, and lab chemical management. Additionally, tools such as SAP S/4 HANA, Quality by Design (QbD) frameworks, and a structured three-tier quality review system were deployed to enhance data integrity, process control, and regulatory readiness.

To strengthen our quality-first culture, we focussed on deepening shopfloor engagement and leadership visibility across all units. Exhaustive training on cGMP and ALCOA principles, as well as structured interactions between manufacturing, R&D, and supply chain teams, ensured alignment on quality objectives and proactive risk mitigation. Cross-functional discussions and leadership involvement played a vital role in fostering a mindset of shared responsibility and continuous improvement.

Continuous improvement remained a key focus, with initiatives such as the Investigation Surveillance Programme, Regulatory Surveillance Programme, and horizontal deployment of Corrective and Preventive Actions (CAPA) to control non-conformances, improve Right First Time (RFT) performance, and accelerate batch release timelines. These efforts have directly contributed to enhanced operational efficiency, compliance adherence, and customer trust.

We successfully completed major regulatory inspections, including a USFDA audit at Unit-I with no Form 483 observations and an ANVISA inspection without any major observation at Unit-II, reaffirming our adherence to global quality standards. All three manufacturing sites were awarded ISO 9001:2015 certification, further validating our quality systems. Over 80 customer audits were conducted during the year – none of which reported critical observations. These audits offered valuable opportunities to continually improve our QMS, which we embraced in the right spirit.

AI in Manufacturing

We are currently conducting Proof of Concepts (POCs) for AI-assisted improvements across several key areas, including predictive maintenance for equipment, process optimisation using machine learning models, and enhanced quality control through automated image analysis. These AI-driven initiatives aim to improve operational efficiency, reduce downtime, and ensure consistent product quality. By exploring these technologies, we are positioning ourselves to leverage AI for better decision-making and enhanced manufacturing capabilities.

Quality-First Culture: FY 2024-25 Initiatives

01 **Regulatory success** – USFDA audit (Unit-I) with zero Form 483s and ANVISA approval with no Major findings (Unit-II)

02 **ISO 9001:2015 certification** – for all manufacturing facilities

03 **80+ customer audits completed,** – with no critical observations

04 **Expanded LIMS modules** – for improved control over testing, stability and lab chemicals

05 **SAP S/4 HANA and QbD implementation** – for better process control and data integrity

06 **Three-layered quality review system** – established for robust governance

07 **Cross-functional quality forums** – with R&D and supply chain for unified risk strategy

08 **Leadership and shopfloor engagement programmes** – to embed quality ownership

09 **Investigation Surveillance Programme** – to improve deviation root cause analysis and scoring

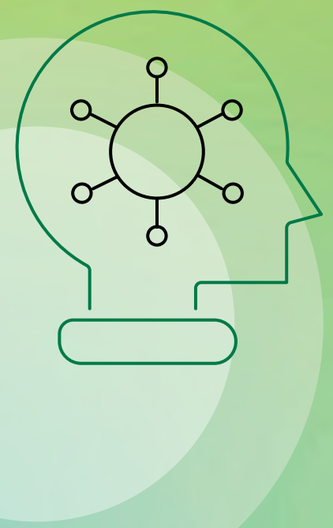
10 **Regulatory Surveillance Programme** – for early alignment with pharmacopeial and compliance updates

11 **Cross-deployment of CAPA** – to boost process efficiency and regulatory compliance

12 **Monthly quality metric reviews** – covering RFT, audit performance, documentation quality, and QMS effectiveness

13 **Phase-gate approvals and detailed tech transfer checklists** – to reduce human errors and deviations

Intellectual Capital



AT NEULAND, INTELLECTUAL CAPITAL IS A KEY ENABLER OF LONG-TERM VALUE CREATION. IT POWERS OUR ABILITY TO SOLVE COMPLEX CUSTOMER CHALLENGES, ACCELERATE MOLECULE AS WELL AS API DEVELOPMENT, AND REMAIN RELEVANT IN A DYNAMIC PHARMACEUTICAL LANDSCAPE. WITH A SKILLED SCIENTIFIC WORKFORCE, SPECIALISED INFRASTRUCTURE, AND AN INNOVATION-FIRST MINDSET, WE CONTINUE TO STRENGTHEN OUR DIFFERENTIATION IN THE GLOBAL API AND CDMO ECOSYSTEM.

In FY 2024-25, we advanced our peptide capabilities that enabled us to file our first DMF in this space, enhanced process optimisation across new and established products, deepened digital-led project management, thereby embedded agility, quality, and customer-centricity into our innovation engine.

SDG LINKAGES

300+

APIs processes developed till date

988

Filings worldwide

204+

Patents granted till date

360+

Scientists (including R&D, Analytical and Process Engineering)

Several NCE APIs added in NDA or commercial stage drugs

Support for multiple APIs each year in Phase II and Phase III clinical development

DRIVING INNOVATION AND VALUE CREATION

Our R&D centre, located in Hyderabad and approved by the Department of Scientific and Industrial Research (DSIR), is equipped with modern infrastructure and driven by a high-performing team of scientists. Innovation is embedded in our R&D philosophy, with a focus on developing novel API solutions and exploring shorter, more efficient routes of synthesis.

Fit-for-Purpose R&D Infrastructure

DSIR, Govt. of India and USFDA-approved R&D Centre

15 Development Laboratories with space for expansion

70 Fume Hoods

Analytical Laboratories

Dedicated Kilo Laboratories for Scale up

Dedicated Laboratories for Peptides

600 MHz NMR HRMS

Our approach has consistently prioritised recruiting talent with deep expertise and specialised skills. By focussing on quality over quantity, we have built a team capable of handling complex technologies and delivering differentiated value to customers.

In FY 2024-25, we further strengthened this commitment by inducting scientists with distinguished academic and research pedigrees from leading institutions across India, the US, and Europe. This infusion of global talent reinforces our belief that people are at the centre of our intellectual achievements.

R&D investments stood at 4.1% of our total revenue in FY 2024-25 – underscoring our long-term commitment to scientific excellence, customer-centric innovation, and building a resilient intellectual capital base.

₹ 61.24 crore
R&D investments in FY 2024-25

41% YoY

17
Patents filed in FY 2024-25

Key R&D Initiatives in FY 2024-25

Our sustained investments in scientific infrastructure, talent, and advanced technologies continue to power our ability to solve complex chemistry challenges, drive innovation, and create high-impact API solutions for global pharmaceutical companies.

Strengthening Innovation through IP Creation

We filed for 17 new patents for various products and processes developed in-house – demonstrating our continued focus on innovation excellence and IP-driven differentiation.

Global Regulatory Filings

We filed five new US DMFs for the following GDS molecules: Brinzolamide Sterile, Dapagliflozin (Crystalline form), Empagliflozin, Difelikefalin, and Dabigatran.

Entry into the Peptide Space

Neuland formally entered the peptide API domain with the DMF filing for Difelikefalin, marking the first commercial milestone from our peptide workstream. Further peptide filings are to be expected in the coming year(s). These projects reflect our growing focus on complex, high-impact APIs that align with long-term therapeutic trends and customer needs.

Strategic R&D Investments

We are further strengthening our peptide innovation platform through focussed R&D investments in synthetic peptide capabilities. These efforts aim to ensure seamless scale-up from lab to pilot to commercial stages, enhancing our agility in delivering both CMS and GDS peptide projects.

Advancing Peptide and small molecule R&D Capabilities

During the year, a significant group of our R&D scientists underwent training in various aspects of flow chemistry and technology. Also, we scaled up our peptide synthesis and purification infrastructure. This included enhancing the peptide purification laboratory, using automated peptide synthesis systems, deploying tangential flow filtration technology.

DELIVERING CUSTOMER-CENTRIC INNOVATION IN CMS

Our intellectual capital directly fuels the success of the CMS business. In FY 2024-25, we worked with 34 customers and increased the number of projects by >10% from the previous year – delivering scientific innovation with agility.

Our ability to co-develop and scale complex APIs has positioned us as a trusted partner to innovators globally to service their evolving pipelines. Integration across R&D, manufacturing, and quality has enabled an agile and robust delivery model for CMS projects.

Number of Active CMS Projects

	Pre Clinical	P-1	P-2	P-3	Pre-Reg/Reg	Commercial	Grand Total
FY 2024-25							
API	14	12	13	4	4	9	56
Intermediate	7	8	7	4	5	10	41
Grand Total	**21**	**20**	**20**	**8**	**9**	**19**	**97**
FY 2023-24							
API	8	8	12	3	8	8	47
Intermediate	8	4	9	4	6	10	41
Grand Total	16	12	21	7	14	18	88

Note: Status as at end of year

SAFEGUARDING INNOVATION THROUGH ROBUST IP PROTECTION

We place a high priority on the protection of intellectual property and patents, implementing an overarching strategy that encompasses several key measures. Our approach is rooted in a comprehensive, organisation-wide framework that combines legal rigour, technological vigilance, and employee awareness.

Our legal and information security framework governs patent filings and trademark protection, while confidentiality agreements with employees and partners to safeguard sensitive information, while our dedicated IP team actively monitors for potential infringements and works closely with external legal experts to take swift corrective action when needed.

We also conduct regular employee training to foster awareness and accountability around IP rights. By integrating these measures into our operations, we ensure the robust protection of our intellectual property, fostering an environment of innovation and secure growth.

LEVERAGING TECHNOLOGY

Significant strides were made in adopting advanced tools and next-generation research capabilities that blend scientific rigour with digital intelligence – laying the foundation for scalable innovation and high-performance API development.

Expanding Scientific Platforms: Our teams have extensively evaluated platform technologies such as enzymatic resolution, flow chemistry, parallel autoclaves, and parallel reactors – enabling faster and reliable execution of Design of Experiments (DoE). These advances support a robust Quality by Design (QbD) approach to process development and optimisation, addressing reproducibility, scalability, and regulatory requirements.

Advancing Drying and Particle Engineering Technologies: We also invested in sophisticated drying and particle engineering technologies, including agitated thin film dryers, spray drying systems, Nauta dryers, and hammer mills to ensure consistent particle size distribution. With the upcoming installation of Crystal 16, we are poised to gain deeper insights into crystallisation behaviours – an essential parameter in the development of complex APIs.

Enhancing Analytical Infrastructure: We upgraded our infrastructure with advanced instrumentation such as electrochemistry platforms, High Resolution Mass Spectrometry (HRMS), and ion chromatography. Additionally, the deployment of data loggers connected to cylindrical vessels is underway across laboratories – enabling real-time visibility into process variables and enhancing scientific precision.

Embracing AI-Led Innovation: We are exploring the use of artificial intelligence (AI) to accelerate route scouting, shorten development timelines, and reduce environmental impact. Our long-term goal is to embed AI-driven analytics into our research operations – streamlining workflows, supporting faster regulatory submissions, and enabling more sustainable innovation.

PRODUCT LIFECYCLE MANAGEMENT

Product lifecycle management is a critical part of our intellectual capital strategy. We adopt a structured approach to continuously optimise our processes across the product lifecycle – from development to commercial supply.

Our focus on process innovation and yield improvement enables us to improve productivity and deliver superior value to customers. We regularly benchmark our cost structures against global peers, including manufacturers in Europe and China, to ensure we remain cost-competitive in a dynamic market environment.

As part of this discipline, we continue to invest in new technologies and platforms that enable scalable, efficient, and high-quality production – allowing us to stay nimble and competitive over the long term.

SMART, AGILE PROJECT MANAGEMENT

At Neuland, project management is a strategic capability that underpins timely, reliable delivery in a dynamic pharmaceutical landscape. In FY 2024-25, we strengthened our execution frameworks by integrating agile and hybrid methodologies – combining the rigour of traditional planning with the adaptability of iterative, feedback-led approaches. This has enhanced our ability to respond swiftly to evolving customer needs and shifting market demands.

Our project planning is inherently customer-centric. By breaking complex projects into smaller, manageable increments, we ensure early value delivery and allow for real-time adjustments. Regular stakeholder engagement, open communication, and cross-functional collaboration are embedded across all stages – from initiation and planning to execution and closure.

To enable this agility, we operate a robust, digitised project management platform developed by our Project Management Office (PMO). It serves as a single source of truth, offering real-time visibility into milestones, resource allocation, and risks. Dynamic dashboards, lead/lag indicators, and performance metrics help project teams make informed decisions and proactively address disruptions.

In FY 2024-25, we further strengthened our governance ecosystem with structured internal and customer-facing forums. These forums provide enhanced transparency, faster decision-making, and improved alignment on timelines, scope, and deliverables. We also deepened our resource management capabilities to improve planning and predictability across a growing and diverse project portfolio.

Recognising the need for continuous upskilling in a fast-evolving landscape, we have invested in training and development programmes to equip project teams with the knowledge and tools required to navigate change, adopt best practices, and deliver successful outcomes.

As part of our digital transformation journey, we are embedding AI and data analytics into our project management toolkit. These technologies are helping automate tasks, monitor data in real-time, enhance forecasting, and extract insights from stakeholder feedback. As next steps, we aim to develop custom AI tools for predictive analytics and performance monitoring.

SHOWCASING INNOVATION ON GLOBAL PLATFORMS

During the year, our scientists presented their work at prestigious industry conferences, including the Japan Process Chemistry Conference, the Japan Peptide Society, and BoS Manchester. These presentations received critical acclaim and drew significant attention for the depth of innovation and science.

INFORMATION TECHNOLOGY AND DIGITALISATION

Our intellectual capital priorities continue to be anchored in a technology-first approach, supported by significant investments in both in-house and cloud-based digital solutions. In alignment with our strategic priorities, we are advancing digitalisation as a critical value driver – digitising operations, integrating enterprise applications, and expanding real-time data and analytics dashboards across functions to enable transparency, compliance, speed of decision-making & ease of doing business, leveraging AI.

During FY 2024-25, we progressed on our digitalisation initiatives on various fronts including company-wide ERP system upgradation.

Key Area	Digital Initiatives
ERP	Implementation of SAP S/4 HANA as a greenfield initiative aimed to modernise enterprise architecture, enable real-time analytics, and improve integration with third-party systems.
Legal	Contract life cycle management tool implemented to streamline contract review process, improve efficiency and enhance collaboration across departments, also serving as a central repository
Quality	Deployed critical LIMS modules including OOS/OOT management, instrument integration, and electronic logbooks. Integration with SAP S/4 HANA to enable seamless data exchange for inspection lots, sample deductions, and usage decisions.
Learning and Development	Upgraded and expanded our online Learning Management System (LMS) to support learning, compliance training, and career development planning. Integrated LMS with performance and succession planning modules.
AI adoption	Proofs of Concepts (POCs) carried out in manufacturing, R&D and HR areas focussing on predictive analytics and chatbots.

PROTECTING CONFIDENTIAL, PERSONAL, AND OPERATIONAL DATA REMAINS A CORE OBJECTIVE.

CYBERSECURITY

Cybersecurity remains a critical risk area, and this year, our Risk and Sustainability Committee further deepened its oversight through structured assessments of industry-specific threats. The Indian pharmaceutical sector has experienced an increase in ransomware and data breach incidents targeting intellectual property and sensitive operational data. In response, we updated our cybersecurity heatmap, benchmarked against peer incidents, and identified new priorities to strengthen our defences.

Several initiatives underpinned our security posture this year. We expanded endpoint protection and implemented disaster recovery protocols to enhance resilience. The deployment of Virtual Desktop Infrastructure (VDI) at our R&D centre now provides a secure thin-client environment. We also doubled our network bandwidth across locations and continued to enhance visibility with centralised, cloud-based infrastructure and advanced network monitoring tools.

We have strengthened our cybersecurity defences further by expanding our implementation of **Zero Trust Network Access (ZTNA)** and **Privileged Access Management (PAM)** tools. These technologies enable us to proactively manage and restrict access to critical systems, thereby mitigating potential insider and external threats.

Looking ahead, Neuland will continue to invest in emerging digital technologies and advanced security solutions to safeguard our growing digital footprint. As we adopt new-age technologies including AI-based platforms and automation tools, data protection and cybersecurity will remain foundational to our digital transformation journey.

DATA PRIVACY

Our Data Privacy Policy is applicable to the Company and its subsidiaries. This procedure is applicable to all personnel including employees, trainees, third-party contractors, vendors, interns, and other personnel with access to Neuland information, information assets and information processing facilities.

Privacy risk and compliance is a shared responsibility between the functions and our IT Department. As a B2B pharmaceutical manufacturing company, our exposure to Personally identifiable information is limited to our customers, vendors, employees and other service providers.

Data privacy clauses are included in our contracts including customer, vendor, service providers, consultants and employee contracts.

A Data Privacy Officer has been designated to understand and manage privacy issues, and can be reached at dpo@neulandlabs.com

IT CONTROLS SUPPORTING DATA PRIVACY

Our organisation has implemented comprehensive controls including data privacy, aligned with the key ISO 27001:2022. These controls ensure that personal data is securely managed through defined responsibilities, risk assessments, and protective measures.

Access to sensitive information is strictly controlled and monitored to prevent unauthorised disclosure, in accordance with access management policies. Periodic internal and external ISMS audits are conducted to maintain the effectiveness of these controls including incident response plans to address any potential privacy breaches promptly.

Overall, our privacy framework integrates risk-based approaches and continuous improvement to uphold confidentiality, integrity, and availability of personal information. In case of breaches, our Data Privacy Policy also provides for the enforcement methodology including consequences of violations which could lead to termination.

During FY 2024-25, there were Zero major security, privacy, and data breach incidents. As part of our Business Continuity Management system, IT disaster recovery drills were also conducted to identify weaknesses and address the same.

Human Capital

AT NEULAND, OUR PEOPLE ARE THE REASON BEHIND DRIVING INNOVATION AND PROPELLING GROWTH. WE HAVE ADOPTED A STRATEGIC APPROACH TOWARDS TALENT MANAGEMENT AND DEVELOPMENT, DIVERSITY AND INCLUSION, EMPLOYEE ENGAGEMENT, AND EMPLOYEE WELLBEING, ALL UNDERPINNED BY THE CULTURE OF CONTINUOUS LEARNING AND INCLUSIVITY. BY INVESTING IN THE GROWTH AND INTERESTS OF OUR PEOPLE, WE POSITION OURSELVES AS AN EMPLOYER OF CHOICE, EMPOWERING OUR TEAMS TO UNLOCK THEIR FULL POTENTIAL.

SDG LINKAGES

1,799

total permanent workforce

151 from previous year

11.4%

women representation in permanent workforce

0.6% from previous year

Nil

fatalities across manufacturing facilities

1.17 lakhs+

hours of training

35.7

hours per employee, average training hours

NEULAND'S HR STRATEGIC PRIORITIES

Neuland differentiates itself as an employer of choice through comprehensive Employee Value Proposition (EVP) that focusses on continuous feedback, engagement, recognition, diversity, flexibility, and career growth. To maintain a high-performance culture and competitiveness, we are strategically focussed on the following workforce priorities:

- Attracting and retaining top talent through strong employer brand positioning
- Developing and promoting High-Potential Employees (HiPOs) from internal talent pool
- Strengthening functional and leadership competencies through learning and development initiatives
- Enhancing diversity and inclusion in hiring, workplace and leadership ranks
- Building a data-driven HR function for informed decision-making and workforce planning
- Advancing digital transformation, AI analytics and automation for efficiency in HR practices
- Adopting best-in-class HR practices for higher engagement and productivity
- Reinforcing core organisational values through communication, trainings and internal cultural ambassadors

TALENT ACQUISITION AND RETENTION

Our strong employer brand rooted in our values, vision, and commitment to building careers help us attract and retain top talent. We use data-driven recruitment strategies to source and attract high-calibre professionals. We strategically balance internal hiring and external recruitment to fill open positions across functions:

- Talent is sourced from leading academic institutions, career fairs, internships and well qualified as well as experienced employees from within and outside the industry.
- Succession pipeline is created for all leadership roles identified as critical for the organisation.
- Hiring of former employees, with strong track record of performance and ethical behaviour is encouraged.

All hiring managers undergo 'Art of Interviewing skills' training to assess the quality of talent being hired by them. Senior roles are evaluated through comprehensive panel interviews. All shortlisted candidates in the grades AGM & Above, are required to undertake a psychometric test as part of the qualifying process to join the organisation.

We reward performance with various incentives and also offer variable pay to the DGM and above levels. Further, our internal mobility programme enables employees to explore new roles and accelerate their careers within the organisation.

Recruitment Indicators	FY 2024-25	FY 2023-24
Number of new hires (FY 2024-25 - All hires were in India)	475	443
New Hire Breakdown		
Male Hires	401	386
Female Hires	74	57
Hires <30 years	285	260
Hires between 30-50 years	185	177
Hires >50 years	5	6
Hires - Junior Management and Trainee	417	378
Hires - Middle Management	39	53
Hires – Top Management	19	12
% open positions filled by internal Hires	19%	23%
Average Hiring Cost (₹) (per person)	₹ 33,035	₹ 40,813

Retention Indicators	FY 2024-25	FY 2023-24
Total turnover (%)	23.5%	24.9%
Voluntary turnover (%)	15.9%	17.3%
Total Voluntary Turnover Breakdown		
Turnover Rate - Male	14.7%	17.1%
Turnover Rate - Female	25.3%	18.6%
Turnover Rate <30 years	24.7%	25.2%
Turnover Rate between 30-50 years	13.2%	15.0%
Turnover Rate >50 years	0.0%	0.7%
Turnover Rate - Junior Management (JM Band)	19.7%	29.6%
Turnover Rate - Middle Management (MM Band)	10%	17.6%
Turnover Rate – Top Management	3.8%	11.8%

Permanent Workforce Indicators	FY 2024-25	FY 2023-24
Total number of employees	1,704	1,548
Total number of workmen	95	100
Total workforce by age		
18 – 29	627	582
30 – 50	1,005	911
>50	167	155
Total workforce by Nationality/Ethnicity		
India	1,794	1,643
Outside India – as under	5	5
North America	3	3
Japan	2	2
Total workforce with disabilities (included in India above)	**1**	**1**

EMPLOYEE LEARNING AND DEVELOPMENT

Approach to Training and Development

In a fast-paced pharmaceutical industry, it is vital to foster continuous learning culture to support employees' personal and professional growth while also fulfilling organisation's future business needs. Neuland's learning and development initiatives focus on technical upskilling, behavioural training, leadership development programmes, expert-led workshops, seminars and webinars on industry and company developments. Additionally, employees have access to multiple e-learning modules, LMS online portal, including the multi-lingual e-module on Neuland's core policies, which all employees are required to complete mandatorily.

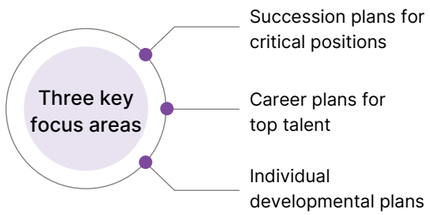
Parichay: The Induction Programme

Our induction programme, Parichay, helps integrate new hires into the organisation's thread by familiarising them with Neuland's legacy, culture and core values. In FY 2024-25, 486 new joiners received orientation through the Parichay Programme.

Buddy Programme

Our Buddy Programme pairs new employees with experienced team members to support them during their first six months with the organisation, facilitating smooth integration. At present, 85 buddies are actively supporting the new hires in their onboarding journey.

Leadership Competencies Awareness Framework



Launched in the year 2023, the Talent framework is based on a well-outlined talent assessment process and 360-degree feedback, facilitating discussions and insights featuring participants from AGM and above Grades.

As a part of our annual Talent Day process, in FY 2024-25 profiles of 100+ employees in grades AGM and above were discussed. The discussions included their strengths, areas of development and accordingly they were mapped for succession to critical positions identified by the Organisation. The leadership development journey for each individual is an outcome of this exercise. Progress is being reviewed periodically to track the development of the identified talent.

Leadership Development Programme

Leadership Journey Programme

A comprehensive managerial and leadership development Programme, led by Neuland's L&D team, in collaboration with external experts was initiated. This assessment included psychometric testing, leadership competency evaluation, among others. Developmental areas were identified and addressed through Individual Development Plans (IDPs) and periodic reviews.

Learn to Lead & Supervisory Skill Development Programme

The Programme addresses soft-skill gaps and imparts essential leadership and supervisory capabilities in young leaders, empowering them to drive team performance. The learn to lead programme covered 29 employees and supervisory skill development programme covered 51 employees during the year.

Mentoring and Coaching Programme

A selected group of employees received mentoring sessions from senior leaders to accelerate readiness for leadership roles. The programme covered 15 mentors who mentored 27 employees across the organisation in FY 2024-25.

Skill Upgradation Programmes

Our skill-upgradation policy at Neuland empowers employees to enrol in higher education programmes relevant to their roles and responsibilities, fuelling their professional development and career progression.

1.17 lakh+
training hours in FY 2024-25

1,700+
employees received training in FY 2024-25

35.6
average hours of training received per employee

4.6/5.0
Training and development feedback score

We are committed to enhancing employee capabilities, that, in turn, contribute to the overall success and sustainability of our organisation. During FY 2024-25 employees across all levels received trainings, including technical skill development, leadership training, and compliance-related awareness.

The average training hours per employee, categorised by gender and employee role, reflect our investment in continuous learning. Additionally, non-technical training programmes, such as leadership development and personal effectiveness, have been integral in fostering a culture of growth and innovation at Neuland.

Average training hours undertaken during FY 2024-25:

Category	Male	Female	Total
Environment Health and Safety	85,767	1,785	87,552
Quality	5,009	476	5,485
Others	21,441	3,400	24,841
Total Training Hours	**1,12,217**	**5,661**	**1,17,878**
No. of employees	3,026	283	3,309
Average training hours per employee	37.1	20.0	35.6

Performance Management

Our online performance management system focusses on establishing SMART goals. Individual employee goals are aligned with their functional objectives, which in turn, are connected to organisational goals. Our performance management framework also ensures normalisation of performance ratings and continuous feedback for all our employees.

In addition to financial metrics, the Balanced Scorecards of our Functional Heads also include a range of non-financial metrics that reflect the broader strategic priorities of the organisation. These encompass areas such as brand building, compliance, quality, and the sustainability of operations. Where relevant, the scorecards also include metrics related to customer satisfaction, risk management, ESG goals, diversity, talent retention, and adherence to regulatory requirements. Each element is assigned an appropriate weightage based on its strategic importance.

These Balanced Scorecards are cascaded down to the direct reports of senior leaders and further across the organisation, ensuring alignment of goals at all levels. Variable pay outcomes are directly linked to the achievement of these scorecard objectives, reinforcing accountability and performance-driven culture

We conduct mid-year followed by annual performance reviews for all our employees, including 1 on 1 feedback sessions between the employee and their manager. These sessions encompass performance feedback, and discussions on career development of the appraisee.

Formal 360-degree feedback process was carried out for HODs providing additional feedback to them. Team-based performance appraisals are practised for cross-functional teams involving project managers and the Project Management Office. Informal feedback is sought from internal stakeholders by the manager, before awarding the performance rating.

During the year, the company introduced a cash-based Long-term Incentive plan applicable to leaders and key contributors up to several levels below the CEO. The plan was introduced keeping in mind the long-term aspirations of the organisation and rewards under this plan are linked to achievement of a few financial metrices. Additionally, non-financial parameters such as customer satisfaction, employee engagement and ESG performance are a part of this plan.

GENDER DIVERSITY GOALS

DEI Indicator	FY 2024-25	Target for 2030
Percentage of women in workforce	11.4%	14%
Percentage of women in leadership	7.5%	10%

15.5%
of new hires in FY 2024-25 were women

11.2%
Regional Diversity in FY 2024-25

1:0.75
ratio of remuneration between men and women

We have a strong focus on diverse hiring across age, gender, experience, regions, and nationalities to cultivate a rich pool of experience, perspectives, and competencies. We ensure equal opportunities for all employees to thrive.

Focussed Approach to Promote DEI

- We incentivise gender diversity in hiring by offering all our recruitment partners an additional incentive
- We have empanelled specialised consultants to support our diverse hiring goals
- We offer referral rewards for successfully referring a diversity candidate (Women, LGBTQIA+ & PwD)
- All managers and senior managers are provided DEI sensitivity workshops

Living wages

Living wages represent the minimum income necessary for an individual to meet basic needs such as food, housing, and essential services. 70% of the employees and workmen are employed in semi-urban locations. While reliable and consistent living wage benchmarks are not easily available across our operating locations, the company believes that its current wages and salaries are above the estimated living wage threshold. The company remains committed to fair compensation and continues to monitor evolving benchmarks periodically.

Gender Pay Parity

Overall, the ratio of remuneration in FY 2024-25 was 1:0.75 - between men and women. Additionally, the median annual compensation of employees at various levels, and further broken down by gender is captured on Page 187 (BRSR) of this report. Usually this disparity highlights the years of experience required to deliver on the job and the performance-driven nature of executive compensation. We remain committed to promoting equity and aligning compensation practices with industry standards and corporate performance.

DEI inclusion in Balanced Score Card

Gender Diversity	FY 2024-25	FY 2023-24
Total Workforce (% women)	11.4%	10.9%
All Management (% women)	11.8%	11.2%
Junior Management (% women)	12.7%	12.4%
Middle Management (% women)	9.2%	7.9%
Top Management (% women)	7.5%	5.2%
STEM-related positions (% women)	11.5%	13%
Revenue-Generating Role (% women)	28.0%	18.52%

EMPLOYEE ENGAGEMENT AND EXPERIENCE

We cultivate a vibrant work culture through a range of engagement initiatives contributing to increased employee engagement and productivity. These initiatives also nurture open and transparent communication channels between the leadership and various employee cohorts.

Leadership Interactions

- Site/Department-level townhalls for transparent updates on company's strategy, performance, and achievements
- Quarterly HR leadership forums to discuss company's policies and feedback on continuous improvement

Employee Recognition Programmes

- ACE Awards to recognise individual and team achievements
- Employee of the Year award
- Family appreciation letter from the Chairman, CEO, and MD during employee promotions
- Online NeuRewards Club for on-the-spot recognition
- AIM (All Ideas Matter) innovation portal to reward pathbreaking ideas on cost savings or process improvements

Community Building and Fun at Work

- Women's Day Celebrations
- Khel Utsav – Annual Sports Fest
- Monthly events such as birthdays, festivals and other team building events
- Family Bonding Events and celebrations of key milestones

Employee Engagement Survey

We actively listen to our employees, gathering their feedback through regular surveys and meetings, and translate their suggestions into actions. Our Annual Employee Engagement Survey (EES) provides valuable insights into overall employee experience, enabling leadership to make data-driven decisions for improving HR practices. Furthermore, we engage with the independent third-party agencies to conduct exit interviews, helping us to identify patterns in employee attrition and work on improvement areas.

Indicators	FY 2024-25	FY 2023-24	FY 2022-23
Employee Satisfaction Survey Score	70%	73%	67%
eNPS Score	39	42	28

Indicators - Breakdown	FY 2024-25
Overall ESS score	70%
-Purpose	76%
-Stress	73%
-Happiness	70%
-Job Satisfaction	60%

PRIORITISING EMPLOYEE WELLBEING

We have formulated several progressive as well as inclusive policies and benefits to support the personal & professional wellbeing of our employees. Most of these policies are shaped by employee feedback. Our policies are designed to promote work-life balance, prioritise flexible work hours, ensure physical and emotional well-being, leading to an inclusive and empathetic work culture. We train our manager to lead with empathy. We periodically review our policies to maintain relevance and alignment with employee needs and industry standards.

100% of our permanent employees receive life insurance coverage, disability coverage, retirement provisions, healthcare, and parental leaves. 50% of medical insurance premium for employee parents/parent in-laws is paid by the organisation wherever the employee opts for the same.

Supportive Policies and Special Benefits	Internal Job Posting	Referral programmes to earn extra incentives	Flexible working hours for Corporate and R&D teams
1 day per week 'Work From Home (WFH)' for corporate employees	Reimbursement for anniversary dinner	Paternity leave for new fathers	Period Leave per month for women employees
Creche and Lactation facilities for our employees	Relocation leave for new joiners moving places	Compassionate Leave during loss of an immediate family member	Marriage gift for newly weds
Part Time work policy	Baby Shower Ceremony & Gifting	Extended maternity leave (6 months leave + 1 month of WFH or 2 months of reduced working hours, as per the work requirements)	

Wellness and Wellbeing	Regular health checkups, medical insurance, vaccinations, and wellness talks	Free and confidential counselling services for employees and their families through partnerships with mental health professionals	Mental health and fitness programmes to support employees' physical and emotional well-being

HUMAN RIGHTS

At Neuland, we uphold our commitment to human rights principles as a signatory to the United Nations Global Compact. We understand the importance of globally recognised human rights standards and have been embedding these principles into our operations. To ensure awareness and understanding among all employees, including off-roll staff, we conduct sessions covering various topics such as Benefits awareness, Safety protocols, Environmental consciousness, Prevention of Sexual Harassment (POSH), Human Rights and Code of Ethical Conduct. We have several policies in place aimed at safeguarding human rights within our organisation. These include policies addressing the prohibition of Child Labour, Grievance Redressal, Workplace (non) Discrimination and Equal Employment Opportunities. These policies are readily accessible to all employees through our company's intranet portal, ensuring transparency and accountability in upholding human rights throughout our business practices.

We encourage freedom of association, expression and collective bargaining and our employees are free to join/form or refrain from joining/forming employee collectives without fear of retaliation or harassment. All our permanent workmen are part of industrial trade unions.

In FY 2024-25, an independent third-party audit was carried out in line with the ISO 26000 Social Responsibility guidelines for all our units (Unit-I, Unit-II, Unit-III and R&D) and Corporate Office. The scope covered Organisational Governance, Human Rights, Labour Practices, Fair Operating practices, Consumer issues and Community involvement and development.

There were no significant risks/concerns from the social audit conducted.

Human Capital ROI factor	FY 2024-25	FY 2023-24
a) Total Revenue, as specified in the "Denominator" question Currency: (₹ lakhs)	1,49,735	1,57,112
b) Total Operating Expenses Currency: (₹ lakhs)	1,22,838	1,17,036
c) Total Employee-related expenses (salaries + benefits) Currency: (₹ lakhs)	26,140	24,853
Resulting HC ROI (a-(b-c))/c	2.03	2.61
Total workforce (Employees, Workmen and other Non-Permanent Personnel)	3,304	2,860

Privacy

Protecting confidential, personal, and operational data remains a core objective. Learn more about how we address privacy in our Intellectual Capital and Governance, Risk and Sustainability section of this report

OCCUPATIONAL HEALTH AND SAFETY

Approach to Safety

We prioritise the health and wellbeing of our employees, contractors, and service providers across all our facilities. Our Occupational Health and Safety Management Systems (OHSMS), underscores our proactive approach to risk management, providing a structured framework for identifying, evaluating, and controlling potential workplace hazards.

Our commitment to safety extends beyond the production floor. We prioritise a proactive approach by initially screening client molecules for potential EHS concerns before commencing production.

Once a molecule is approved for production, a thorough hazard identification and risk assessment (HAZOP or HIRA) study is conducted. This in-depth analysis involves a cross-functional team to identify potential hazards and environmental aspects associated with the manufacturing process. During this study, we engage in comprehensive discussions to evaluate these risks and develop recommendations to effectively mitigate them.

We have developed a concept of five pillars and four themes around our OHS framework to achieve our goal of Goal Zero

97%

recommendations addressed in FY 2024-25 for our executed products in HAZOPs/HIRAs

POLICY COMMITMENT

Our EHS policy, approved by the executive management, covers all our employees, contractors, and service providers across all our facilities. It outlines our comprehensive approach to environmental responsibility, occupational health and safety and sustainability and is available on our website.

EHS MANAGEMENT SYSTEM

We have implemented integrated EHS management system across our facilities. All our operational facilities are certified for ISO 45001(Occupational Health and Safety Management Systems), ISO 14001 (Environmental Management Systems) and hold BSC five-star audit certifications.

Our occupational health and safety management system covers all the following:

- **All Employees:** This includes full-time, part-time, and temporary employees engaged directly by Neuland Laboratories.
- **Contract Workmen and Service Providers:** We extend OHS protocols to all contractors, visitors, and service providers working within our premises, fulfilling our responsibility beyond direct employment.
- **All Activities:** Every activity performed within Neuland's control, from raw material handling and complex chemical synthesis to packaging, logistics, and maintenance, is subject to the stringent OHS framework. This applies to all routine operations, as well as non-routine tasks and emergency procedures.
- **All Workplaces:** All Neuland Laboratories, manufacturing units (e.g., Unit-I, Unit-II, Unit-III), R&D facilities, and corporate offices are fully integrated into the OHS management system. This ensures that the same rigorous safety standards apply uniformly across all sites.

Achieving **Nil fatalities and Nil Lost Time Injuries** in FY 2024-25 demonstrates our firm commitment to occupational health and safety.

OCCUPATIONAL HEALTH AND SAFETY PROCESSES

Workplace Risk Assessment
Regular and comprehensive assessments are conducted to identify potential risks and hazards entailing our operations, ensuring continuous improvement and safer workplace for everyone.

Hazard Identification and Risk Assessment (HIRA) and Job Safety Analysis (JSA)
Involves systematic identification of hazards and assessment of associated risks using HIRA and JSA process, to further implement appropriate control measures.

Incident Management
Formal procedures are in place to promptly report all incidents to the relevant statutory authorities and internal teams and handle them effectively.

HAZOP (Hazard and Operability Study)
HAZOP studies are performed for thorough analysis of potential hazards and operational issues within our processes, ensuring a proactive approach to risk mitigation.

Permit-to-Work System
A rigorous permit-to-work system is enforced to regulate potentially hazardous tasks, ensuring proper authorisation and risk assessment before initiating any critical work.

EHS Assessment
We ensure the efficacy of our EHS management system through routine internal and external assessments against globally recognised standards, throughout the year.

Safety Risk Assessment

Once a molecule is approved for production, we perform an in-depth analysis to systematically identify hazards and assess risks using HAZOP or HIRA framework. This is carried out by a cross-functional team that identifies potential hazards and environmental aspects of the manufacturing process. During this study, we conduct discussions to evaluate these risks and develop effective recommendations for risk mitigation, on the basis of safety analysis and PSSR.

Hierarchy of Controls to Manage High Consequence Injury and Illness Hazards

At Neuland, we systematically identify and manage work-related hazards posing a risk of high-consequence injury, aiming for goal zero. Our robust Hazard Identification & Risk Assessment (HIRA) process, including Job Hazard Analysis and Process Hazard Analysis, determines these hazards. We evaluate risks using a matrix considering both severity and likelihood, prioritising those with potential for fatality or irreversible injury. Similarly, potential illness causing hazards are systematically identified through Occupational Hygiene Assessments, routine medical surveillance programmes, in-depth Hazard Identification and Risk Assessments (HIRA), Safety Data Sheet (SDS) reviews, and meticulous incident investigations.

We strictly follow the Hierarchy of Controls (Elimination, Substitution, Engineering Controls, Administrative Controls, and Personal Protective Equipment (PPE)) to manage the potential high-consequence hazards.

During FY 2024-25, Neuland Laboratories recorded no cases of high-consequence injuries and no cases of severe work-related ill health or occupational diseases resulting in long-term impairment.

Key hazards and the comprehensive actions taken or underway to minimise associated injury risks across our operations:

Potential High-Consequence Hazard	Hierarchy of Controls - Actions Taken/Underway			
	Elimination/ Substitution	Engineering	Administrative	Personal Protective Equipment (PPE)
Exposure to Hazardous Chemicals	Solvents, less hazardous reagents	Closed-loop systems, LEV, automation	Strict SOPs, training, emergency plans	Chemical-resistant gear, respirators
Fire & Explosion	Minimising flammables	Fire suppression, intrinsically safe equipment, inerting	Hot work permits, ignition control, drills	Fire-resistant clothing
Fall from Heights	Design to reduce height work	Guardrails, platforms, fall arrest systems	Work at Height permits, training, inspections	Harnesses, lanyards
Confined Space Entry	Designing out spaces	Ventilation, atmosphere monitoring	Permit-to-Work, training, rescue teams, LOTO	Gas detectors, respirators
Machinery & Equipment Hazards	Safer machine designs	Guards, interlocks, E-stops	LOTO, machine-specific training, maintenance	Safety gloves, eye protection
Electrical Hazards	Low-voltage equipment	RCDs, proper grounding, insulated tools	Electrical permits, LOTO, training	Insulated gloves, face shields

Key hazards and the comprehensive actions taken or underway to minimise associated illness risks across our operations.

Potential High-Consequence Hazard	Hierarchy of Controls - Actions Taken/Underway			
	Elimination/ Substitution	Engineering	Administrative	PPE
Chemical Exposure	Less hazardous chemicals, "green chemistry"	Closed systems, LEV, automation, isolators	Strict SOPs, chemical handling training, health surveillance	Respiratory protection, chemical-resistant gear
Ergonomic Hazards	Automating repetitive tasks, workstation redesign	Ergonomic tools, adjustable workstations, material handling aids	Job rotation, breaks, ergonomic training	(As medically advised, e.g., braces)
Physical Hazards (Noise)		Acoustic enclosures	Noise mapping, hearing conservation	Hearing protection
Physical Hazards (Heat Stress)		Ventilation, cooling	Hydration, work-rest cycles	Cooling vests
Biological Hazards	Less hazardous agents	Biosafety cabinets, autoclaves, dedicated areas	Safety protocols, waste management, training	Gloves, lab coats, respirators
Psychosocial Hazards			Flexible work, EAPs, stress management, work-life balance	

Incident Management

We have instituted procedures to promptly report the relevant statutory authorities and internal teams about the incident. A cross-functional team investigates the root causes, recommending the corrective and preventive actions (CAPA). The recommended actions are implemented and closely monitored through monthly reviews. To prevent recurrence, the underlying root causes are assessed across other sites and global CAPA is initiated for uniform implementation, where similar issues are identified.

Safety Measures

As a stringent and proactive safety evaluation measure, we screen client molecules for potential EHS concerns before initiating the production. This approach ensures only molecules meeting our rigorous safety criteria are selected, extending safety beyond the production floor.

EHS Assessment

The effectiveness of environment, health, and safety (EHS) management system across all our facilities is rigorously assessed, evaluated and monitored, adhering to ISO 45001:2018 and ISO 14001:2015 requirements. Throughout the year, we conduct routine EHS assessments through internal audits, inter-facility audits, and external third-party audits, ensuring regulatory compliance and continuous improvement. Consequently, there have been no significant workplace incidents or accidents recorded during the reporting period.

WORKERS PARTICIPATION AND CONSULTATION IN OH&S

At Neuland Laboratories, we hold Safety Committee meetings for communication to the Joint chief inspector of factories, which also include contractors, workmen, employees. All discussions during such meetings are duly recorded, along with the recommended actions, responsibilities and timelines to ensure compliance.

Joint Management-Worker Health and Safety Committees

Neuland Laboratories operates formal Joint Management-Worker Health and Safety Committees across all its manufacturing units and R&D facilities. These Committees provide a formal platform for workers to voice concerns, with all proceedings and recommended actions formally recorded and communicated, including to the Joint Chief Inspector of Factories.

Committee Composition

The Joint Management-Worker Health and Safety Committees Committee comprise representatives from senior management, safety officers, and nominated or elected workers from various departments, including direct employees and contract associates. This broad representation ensures comprehensive perspectives. The Committees hold the authority to recommend essential corrective and preventive actions and safety measures and can escalate unresolved issues for immediate management attention. Crucially, all workers are represented within these committees, with no exclusions, reinforcing Neuland's commitment to inclusive and robust OHS management.

Key Responsibilities

- Proactively identify hazards and conduct accident and incident investigations
- Review and recommend OHS policy improvements
- Monitor compliance, and actively promoting a strong safety culture

SAFETY INITIATIVES FOR FY 2024-25

Engineering Controls

- Implemented many controls, including zero access guards, nitrogen blanketing, zero speed interlock systems, continuous earth monitoring, flame arrestors, oxygen monitoring systems, foam sprinklers, fire suppression systems, and early warning systems

Specialised Assessments and Training

- Conducted Hazardous Area Classification and ESD assessments through competent agencies
- Provided PHA (Process Hazard Analysis) HAZOP certified training to meet global standards

Process Safety

- Analysed thermal stability profiles, reaction calorimetry, and powder safety data for critical activities like milling, sieving, Micronisation

High Potential Risks (HPR)

- Identified and implemented control measures for High Potential Risks across operations

The following safety interventions enhanced our safety posture during the year

- Learning Management System access for employees
- EHS questionnaire implemented across Neuland manufacturing and R&D centres
- Road Safety Programme implemented across Neuland in January 2025
- Centre Chemical Process Safety-AIChe Membership for calendar year 2024
- Automation of PHA via software
- GEMBA Safety Walk initiated from February 2025
- Surprise safety night inspection by EHS corporate team
- External training for senior leadership
- External training for contractors and workmen on workplace safety
- Training on industrial hygiene
- Fire safety gap assessment done in July 2024 across all sites
- Industrial Hygiene-Qualitative Exposure Assessment (QLEA)
- Qualitative Risk Assessment (QRA) performed in FY 2023-24
- Static electricity audit for Unit-III
- Comprehensive safety audit for all three units, covering process safety, electrical safety, general safety

Safety Interventions Planned for FY 2025-26

BSC audit preparation for Unit-I

Cross-learning and hand-holding sessions for Unit-I team members based on the experiences of Unit III and II.

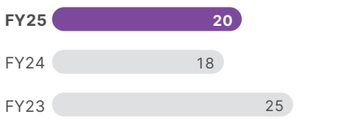
EHS Digitalisation

A list of EHS modules have been finalised for phase-wise implementation using Kiosk Machines for Contractor employees.

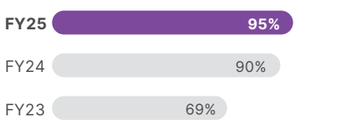
Fire Safety

Post third-party verification on Fire safety

EHS training hours per person



EHS Legal compliance



Employee and Community Wellbeing Initiatives

During the year, we held several internal health awareness programmes across our units, witnessing participation from 940+ employees from all locations. The key programmes conducted were:

- Stress management
- Ergonomics
- Dietary misconceptions in cardiology
- Hypertension (high blood pressure)
- Awareness talk on gynaecology related issues
- Awareness health talk on mental health
- BMD (bone mineral density) camp
- Awareness health talk on infectious diseases
- Training on cyanide kit usages
- HIV-AIDS Neuland workplace policy
- Mental health and work-life balance

In addition to these internal programmes, we integrated external awareness programmes and initiatives pertaining to health and services with our CSR initiatives

(Read more under CSR section on page 199)

85,000+

Hours of OHS training conducted across the organisation in FY 2024-25

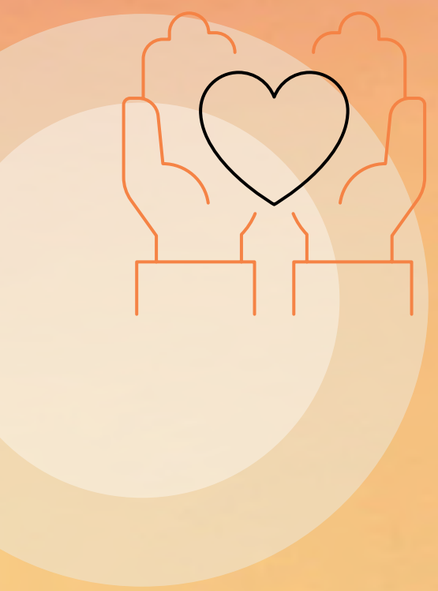
HEALTH AND SAFETY RECOGNITION IN FY 2024-25

SAFETY PERFORMANCE IN FY 2024-25

[Table below covers information for both permanent employees and temporary/contract workmen]

Year	No. of fatalities	Rate of fatalities	No. of high consequence work-related injuries (excluding fatalities)	Rate of high consequence injuries (excluding fatalities)	No. of recordable work-related injuries	Rate of recordable work-related injuries	Lost-Time Injury Frequency Rate (LTIFR)
FY 2024-25	0	0	0	0	0	0	0
FY 2023-24	0	0	0	0	0	0	0
FY 2022-23	0	0	0	0	0	0	0
FY 2021-22	0	0	0	0	0	0	0

Social Capital



OUR STAKEHOLDERS ARE INTEGRAL TO OUR SUSTAINED GROWTH AND SUCCESS. WE CONTINUOUSLY STRIVE TO COMPREHEND THEIR INTERESTS AND ADDRESS THEIR CONCERNS EFFECTIVELY. WE PRIORITISE ENGAGING WITH OUR SUPPLY CHAIN PARTNERS AND ELEVATING THEIR CAPABILITIES TO EMBED SUSTAINABILITY AND RESILIENCE INTO OUR SUPPLY CHAIN OPERATIONS. FORGING LONG-TERM RELATIONSHIPS WITH THEM IS CRUCIAL TO ENSURE A CONTINUOUS SUPPLY OF APIs AND OTHER MATERIALS. WE UPHOLD CUSTOMER CENTRICITY AS A CORE VALUE THAT GUIDES OUR UNDERSTANDING OF CUSTOMER CONCERNS, DELIVERING CUSTOMER DELIGHT AND REINFORCING OUR REPUTATION AS A PREFERRED PARTNER. AT THE SAME TIME, AT NEULAND, WE ALSO BELIEVE THAT BUSINESS TRANSCENDS BEYOND PROFITS. WE ARE CREATING SHARED VALUE BY DRIVING INCLUSIVE DEVELOPMENT THROUGH DEDICATED CSR INITIATIVES AND PARTNERSHIPS.

Our engagement strategy with our Social and Relationship Capital is designed to create positive impacts and ensure mutual benefits.

SDG LINKAGES

₹ 525.04 lakhs*

Total CSR Expenditure in FY 2024-25

30,000+

lives impacted

560

families benefited in FY 2024-25

~700 Hours

FY 2024-25 employee CSR volunteering

* Includes transfer to Unspent CSR Account for FY 2025

OUR CSR APPROACH

To advance our commitment towards inclusive development of the marginalised communities around our manufacturing and R&D locations, we undertake direct or indirect CSR initiatives. Aligned with CSR initiatives, we prioritise health and wellbeing, education, women empowerment, clean water & sanitation, sustainable communities and environmental protection.

All our CSR initiatives including infrastructural investments and engagements are pro-bono.

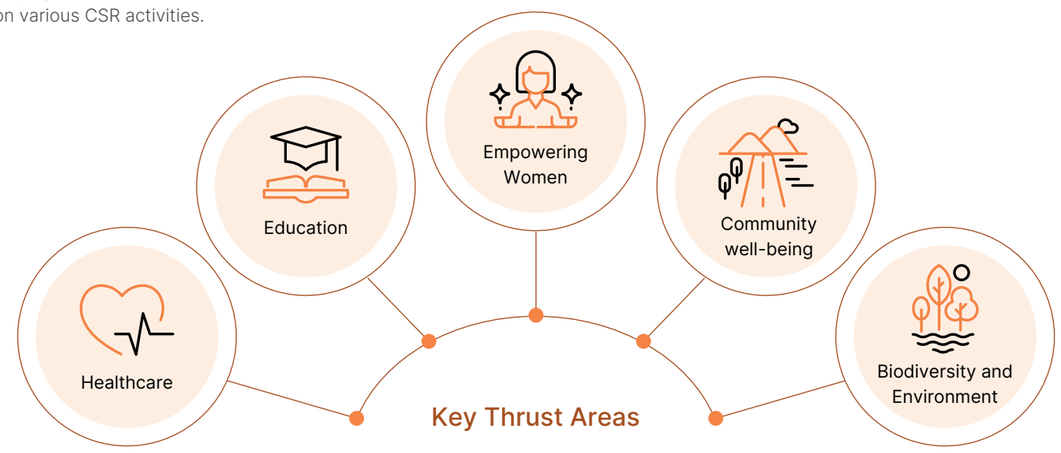
CSR Governance

Our CSR efforts for the year are guided and aligned with our CSR policy that emphasises adherence with the statutory CSR requirements and effective governance. The Board of Directors oversees the planning and implementation of the CSR interventions, through the CSR Committee and the management.

Employee CSR Volunteering

Our employees play an active role in engaging with the local communities to identify their needs and also participate in community initiatives and help in achieving the Company's social goals. Our employees participated in community health camps, road safety awareness programmes, environment awareness and sapling planting.

During FY 2024-25, ~100 of our employees volunteered for ~700 hours on various CSR activities.



MAKING HEALTHCARE ACCESSIBLE

Strengthening Maternity Care

Addressing lack of a dedicated maternity ward at PHC, Gummadidala village, a separate building has been constructed to provide exclusive maternity care services.

~600
patients benefited

Supporting Cardiac Care for Children

We provided financial aid to Hrudaya Foundation, Hyderabad, supporting cardiac surgery and follow-up care for underprivileged children with congenital and acquired heart diseases.

11
Children benefited

Health Camps

We organised three health camps at Bonthapally, Pashamylaram & Gaddapotharam villages to address local health needs by providing free medical consultation, medicines, distributing spectacles and promoting health awareness.

~1,200
villagers benefited

TRANSFORMING LIVES THROUGH **EDUCATION**

School Upgradation Activities

ZPHS School, Domadugu village

We enhanced the school infrastructure by facilitating construction of an additional classroom, new drain line, compound wall for toilets and pathway for school classrooms. Further, a digital board was installed, improving education for approximately 60 students of class Xth. These initiatives benefitted around 240 students from weaker communities.

~240
students benefited

Mandal Parishad Primary School, Nagireddy Gudem

We have undertaken construction of classroom and infrastructure upgradation aiming to increase the enrolment from 30 to 50 students upon completion of the project in FY 2025-26.

~30-50
increase in intake of students by FY 2025-26

Upgradation of ZPHS School, Jinnaram

As part of our commitment to community development and inclusive education, we have undertaken the upgradation of the ZPHS in Jinnaram village. The project includes the construction of four additional classrooms along with enhanced educational facilities to support the academic needs of approximately 100 students from five neighbouring villages. This initiative aims to improve access to quality education in the region. The construction is expected to be completed by FY 2025-26.

~100
more students will be accommodated by FY 2025-26

Developing College Infrastructure

As part of our commitment to supporting education and community welfare, a compound wall was constructed at the Women's College in Sangareddy district. The initiative enhanced the safety and security of around 420 enrolled students including 160 residential students, providing a protected and secure learning environment.

~420
girl students benefitted

Skill Training: Empowering the Youth

As a skill enhancement initiative, we implement comprehensive skill training programmes to empower the youth in the villages across Andhra Pradesh and Telangana, going beyond mandatory apprentice training programmes. These trainings boost their skills and employability, fostering socio-economic development.

~46
youth have been skill trained during the year

EMPOWERING WOMEN FOR INCLUSIVE DEVELOPMENT

Renovation of Gurukul Hostel and Classrooms

We undertook extensive renovations at Gurukul Hostel in Chitkol. This included replacing the old cement sheets with metal sheet roofing, plastering and waterproofing, upgrading the flooring, installing new wiring and electrical systems, and painting to create a better living environment for students.

~90
underprivileged girl students benefited

SHE Shuttle

Our 'SHE Shuttle' buses provide safe transportation to women workforce in Bonthapally & Gaddapotharam villages. Additionally, these buses facilitate safer and easier commutes for local government school children.

~400 to 450
women including girl students benefited

ENSURING COMMUNITY WELL-BEING

CC Roads Construction

In Jinnaram village, we facilitated the construction of approximately 280 metres of CC Roads, which has improved connectivity and provided smoother and safer daily commute for the local communities.

400
villagers benefited

Access To Clean Water

During the year, we have taken multiple initiatives to strengthen infrastructure in rural areas, ensuring the availability of clean water for drinking and domestic purposes:

- 120KL water sump has been constructed to provide water supply twice a day to around 400 families in Kazipally village
- Reverse Osmosis (RO) Water Plant installed in Gaddapotharam will benefit ~160 families
- Purified drinking water has been made accessible at two schools benefiting around 360 students and staff members

Prioritising Road Safety

In our endeavour towards enhancing road safety for the general public and local village communities, we donated 10 barricades and sensitised villagers through safety awareness programmes in the Isnapur & Pashamylaram areas.

Mattress Donation in Hostels

As part of our social welfare project, 200 underprivileged students in the hostels were benefited through our mattress donation initiative in the Sangareddy district.

NURTURING BIODIVERSITY AND ENVIRONMENT

INITIATION OF INTEGRATED WATERSHED MANAGEMENT PROGRAMMES

Completed: Supported installation of 130 Solar Power Street Lights across 8 villages in and around Bonthapally

Initiated: Additionally, we are actively working towards creating resilient communities by undertaking integrated watershed development programme and other sustainable projects covering ~7 villages in and around Gummadidala mandal. The project focusses on key interventions including water resource management, improvement of agricultural productivity, livelihood enhancement – especially for women through income-generating activities – and capacity building of village stakeholders and is expected to be completed in the next four years.

Afforestation and Reforestation

We are investing in tree plantation and forest restoration projects for effective carbon sequestration. In FY 2024-25, we planted 325 trees and covered 0.2 ha of land through reforestation projects.

For more information on the Company's Biodiversity and Water Commitments, please access Pages 118 to 131 of our Natural Capital section of this report.

Relationship Capital

AT NEULAND, RELATIONSHIPS ARE KEY TO OUR BUSINESS. WHETHER WITH CUSTOMERS OR SUPPLIERS, WE BUILD PARTNERSHIPS ROOTED IN TRUST, TRANSPARENCY, AND SHARED PURPOSE.

OUR ABILITY TO CONSISTENTLY DELIVER ON COMPLEX SCIENTIFIC, OPERATION, AND ETHICAL REQUIREMENTS HAS EARNED US THE CONFIDENCE OF GLOBAL PHARMACEUTICAL COMPANIES IN REGULATED MARKETS. EQUALLY, WE INVEST IN STRENGTHENING OUR SUPPLIER ECOSYSTEM TO ENSURE RESILIENCE, COMPLIANCE, AND CLIMATE ALIGNMENT.

FROM DEEP CUSTOMER ENGAGEMENT TO RESPONSIBLE SOURCING, EVERY RELATIONSHIP IS NURTURED TO CREATE LONG-TERM VALUE AND SUSTAINABLE GROWTH. THE STRENGTH OF OUR RELATIONSHIPS DEFINES OUR BUSINESS SUCCESS.

90%

of supply chain by volume covered for our GHG inventorisation drive in FY 2024-25

71

Customer Experience Index. Up from 64 in the previous year.

80

customer audits in FY 2024-25

CUSTOMER-CENTRICITY: BUILDING VALUE, STRENGTHENING STRATEGIC PARTNERSHIPS

What makes Neuland a strategic partner of choice is not just what we do – it's how we do it. Our ability to combine scientific rigour with operational agility, and customer focus with compliance, allows us to build enduring partnerships grounded in trust, reliability, and shared success.

Neuland stands out as a strategic partner of choice not just because of what we do, but because of how we do it. Our unique ability to blend scientific rigour with operational agility, and our unwavering commitment to customer focus and compliance, enables us to forge enduring partnerships. These partnerships are built on a foundation of trust, reliability, and shared success, ensuring that we consistently deliver exceptional value to our clients.

Customer-centricity is both a strategic priority and a fundamental aspect of Neuland's culture. As a pure-play API manufacturer, we do not compete with our customers in the generics space – fostering conflict-free, transparent partnerships. Over the years, we have transitioned from being a reliable supplier partner to a strategic partner committed to ensuring the success of our customer's project.

A Structured Approach to Customer Engagement

In the field of APIs and contract manufacturing, success is predicated on comprehending customers' needs and consistently fulfilling them. At Neuland, a customer-centric approach prioritises the needs, preferences, and satisfaction of the customer in all decision-making processes.

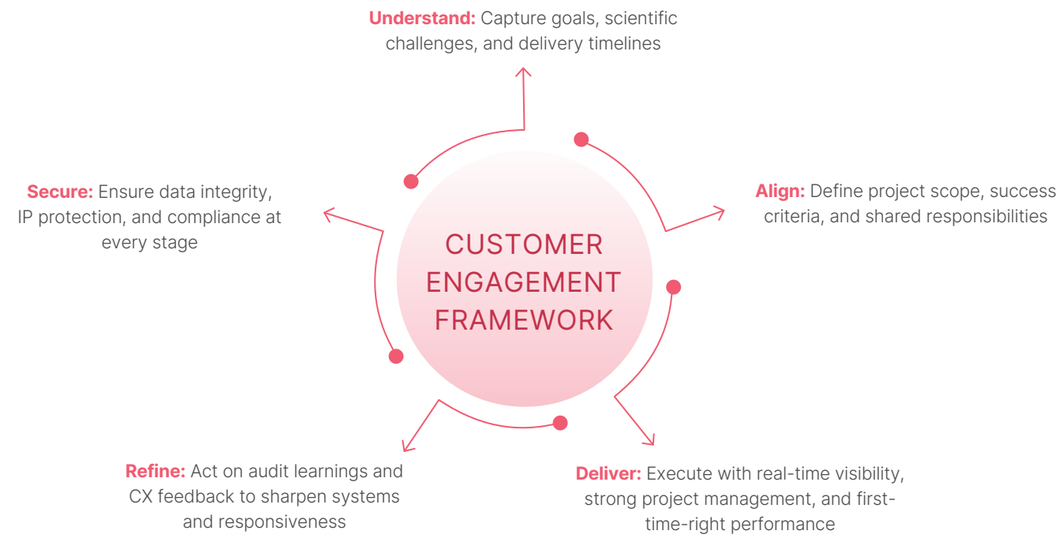
Neuland's Annual Customer Satisfaction programme is a structured engagement initiative designed to evaluate customer experience (CX) and formulate well-defined improvement plans. These efforts aim to translate feedback into actionable enhancements, reinforcing alignment and responsiveness across functions, thereby maintaining the trust that customers have in Neuland.

Net Promoter Score improved from

44 → 50

Customer Experience Index rose from

64 → 71



Scientific Expertise That Scales with Customer Needs

Our strength lies in our ability to solve complex chemistry challenges at scale. Over the years, we have strategically evolved our portfolio to focus on high-value, scientifically demanding molecules. These include Specialty APIs, New Chemical Entities (NCEs), and Peptides. Our team of chemists, engineers, and project leads – backed by decades of process development and regulatory experience – brings deep expertise that customers can rely on. This enables us to support partners from early development through commercial supply, while maintaining speed, consistency, and compliance.

Creating Value Through Innovation and Technology

We continue to expand our capabilities in cutting-edge technologies valued by our partners, such as bio-catalysis, flow chemistry, and particle engineering. Our enhanced process engineering labs, adoption of Electronic Lab Notebooks (ELNBs), and specialised focus on co-crystals and polymorphs improve the quality and reproducibility of outcomes. In FY 2024-25, we filed six US DMFs based on proprietary innovation – demonstrating our ability to co-create differentiated solutions for complex molecules.

Uncompromising on Quality and Compliance

Our quality systems are designed for perpetual readiness – enabling us to exceed global compliance standards. In FY 2024-25, Neuland completed over 80 customer audits without a single critical observation. We also successfully completed major inspections, including a zero 483 USFDA audit. Our approach blends ongoing regulatory training, proactive monitoring of cGMP trends, and timely implementation of CAPAs. This ensures quality is built into every process and touchpoint, not simply inspected in.

Protecting What Matters: Data and IP

Customer trust is grounded in confidentiality – and at Neuland, safeguarding sensitive information is non-negotiable. Our cybersecurity and data governance practices are aligned with international best practices and reinforced by our ISO 27001:2022 certification, which reflects our adherence to globally recognised information security standards. In FY 2024-25, we reported zero data breaches, underscoring the robustness of our controls and the seriousness with which we protect client data and intellectual property.

SUPPLIER RELATIONSHIPS: BUILDING A RESPONSIBLE AND RESILIENT VALUE CHAIN

AT NEULAND, SUPPLIER PARTNERSHIPS ARE ESSENTIAL FOR DELIVERING QUALITY, ENSURING COMPLIANCE, AND FOSTERING SUSTAINABLE INNOVATION. THEY ARE FUNDAMENTAL TO OUR VALUE CREATION.

As dedicated Contract Development and Manufacturing Organisation (CDMO), we operate in a complex global ecosystem where the robustness and responsiveness of our supply chain is paramount to achieving optimal customer outcomes. That's why we are strategically engaged with our suppliers, assess their capabilities, and foster collaborative growth. Beyond meeting expectations, we focus on building a value chain that is resilient, transparent, and fully aligned with our sustainability commitments.

Integrating Sustainability into Sourcing

Responsible sourcing is an essential part of our ESG roadmap. All suppliers undergo rigorous qualification processes, which include on-site or remote audits to assess their environmental practices, labour conditions, and quality systems.

We prioritise partners who have strong sustainability credentials and possess globally recognised certifications such as ISO 9001 (Quality Management), ISO 14001 (Environmental Management), ISO 45001 (Occupational Health & Safety), and ISO 50001 (Energy Management Systems). We also consider regulatory accreditations like EIR and KFDA as part of our supplier selection and evaluation process.

From FY 2025-26, we propose to carry out a structured ESG performance review for key suppliers using the EcoVadis framework. This will allow us to benchmark sustainability outcomes, track improvements, and enhance supplier transparency across areas such as environmental impact, safety culture, and ethical governance. Moreover, > 63% of raw materials are sourced locally (<800km) to reduce carbon miles.

Our sourcing philosophy is guided by our values of reciprocity and responsiveness, ensuring that our suppliers are not just compliant, but aligned with Neuland's vision for sustainable growth.

Focus Areas for Supplier ESG Evaluation

- Occupational safety and employee well-being
- Environmental certifications and performance
- Ethics, governance, and transparency
- Contribution to Neuland's net-zero goals

Greener Logistics and Smarter Procurement

Aligned with our broader Scope 3 roadmap, Neuland is working to reduce emissions from downstream logistics and transport through route optimisation, multi-modal freight systems and low emission transport partnerships. We are also exploring collaborations with global logistics companies that use Sustainable Aviation Fuel (SAF), aiming to cut freight-related emissions by up to 90%.

In procurement, we have implemented a technology-enabled, participative sourcing model that ensures transparency, traceability, and fairness in all supplier interactions. Our digital platforms support proactive risk assessments and spend analytics, enabling informed and agile decision-making. Looking ahead, we are investing in AI-based tools for predictive sourcing, supplier risk intelligence, and performance monitoring dashboards - strengthening both sourcing agility and overall supply chain resilience.

Strengthening Governance and Trust

Neuland's Supplier Code of Conduct covers six areas: adherence to laws and regulations, business ethics, human rights and employment practices, environmental protection and safety, international trade compliance, and data privacy. We strive to ensure that all our suppliers - including those providing raw materials and packaging - are fully committed to upholding this Code.

Further, our Supplier code of conduct requires that suppliers respect the legal rights of employees to join or refrain from joining worker organisations, such as trade unions.

Our Supplier code of conduct is can be accessed by all from our Company's website.

Supplier interactions are supported through structured engagement and connect sessions, where we provide feedback, address queries, and align on performance expectations. These regular touchpoints help reinforce mutual trust, surface areas for improvement, and strengthen long-term alignment with Neuland's strategic goals.

Advancing Resilience and Climate Preparedness

In FY 2024-25, we enhanced our commitment to climate-aligned supply chain practices. In collaboration with CII-IGBC, we launched a comprehensive GHG inventorisation drive across our leading suppliers - specifically those responsible for 70% of our procurement by value and 90% by volume, successfully meeting the year's target for supplier emissions coverage.

This programme involved segmenting suppliers based on volume, value, and complexity, supported by capacity-building webinars, in-depth training sessions, and a data platform from a third-party provider.

We worked closely with our suppliers and guided them through data submission process to ensure accuracy. Emissions were calculated using a combination of supplier-provided data, the Ecoinvent database, and publicly available BRSR reports. The inventorisation exercise covered over 60% of Neuland's total GHG emissions.

The results have been disclosed across leading global frameworks including SBTi, CDP, and EcoVadis. By November 2025, we aim to finalise near- and long-term Scope 3 emission reduction targets, supported by actionable, supplier-led decarbonisation projects.

As part of this engagement, suppliers are also encouraged to adopt green chemistry principles, optimise energy use, and implement clean technologies - further aligning their operations with Neuland's net-zero ambitions.

70%
of supply chain by value covered

90%
by volume covered

>60%
of GHG footprint inventorised

Supplier Base and Spending

Metric	FY 2024-25	FY 2023-24
Total no. of suppliers	1,020	1,083
Total spend on suppliers (₹ crore)	775.97	696.55
Total no. of domestic suppliers	933	251
Total spend on domestic suppliers (₹ crore)	609	404.35
No. of suppliers Regional (<800 Km)	825	-
Total Spend on Regional (<800 Km) (₹ crore)	495.39	323.79
Total no. of international suppliers	87	72
Total spend on international suppliers (₹ crore)	166.97	-
Total no. of significant suppliers (Tier 1+ non Tier 1)	362	296
Total no. of Tier 1 suppliers	1,020	115
Total no. of significant Tier-1 suppliers	362	88
Total spend on significant Tier-1 suppliers (₹ crore)	336.91	203.03

Supplier Assessment and Development

Supplier Assessment	FY 2024-25	FY 2023-24
Total number of suppliers assessed via desk assessments/ on-site assessments	33	25
% of significant suppliers assessed	100%	100%
Number of suppliers assessed with substantial actual/ potential negative impacts	0	0
% of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan	0%	0%

Supply Chain Performance Metrics

Pillar	Metric	Target FY 2024-25	FY 2024-25	FY 2023-24	FY 2022-23
Resilience	% Business de-risked with 2+ sources	>60%	84%	81%	64%
Reliability	% Rejections	<1%	0.52%	0.52%	0.89%
Delivery	Raw Material OTIF	>99%	99%	99%	99.3%
Inclusivity	% Spend on MSMEs	>25%	42%	35%	36%
Digitisation	% e-Procurement	>85%	100%	95%	95%
Localisation	% Spend within India	>70%	78.4%	87.5%	75%
Regionalisation	% Spend within 800 km	>50%	64%	60%	59%
ESG Training	Hours to SCM team	4 hrs	4 hrs	4 hrs	4 hrs
ESG Training	Hours to Vendors	2 hrs	3.5 hrs	2 hrs	2 hrs
Supplier Screening	% of new suppliers screened on ESG criteria	100%	-	100%	100%
Supplier Audits	% of significant suppliers assessed	100%	-	100%	100%
Grievance Handling	Complaints from suppliers	0	0	0	0

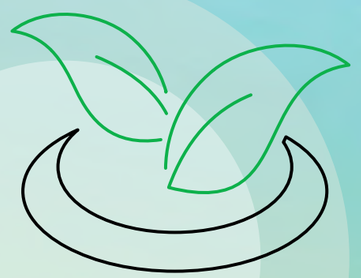
Capacity Building Programmes

Metric	FY 2024-25	FY 2023-24
Total number of significant suppliers in capacity building programmes	213	86
Total value of business done with the covered value chain partners (₹ crore)	258	265
% of significant suppliers in capacity building programmes	33	38
Topics covered	ESG, Carbon footprint	ESG, Carbon footprint
Total no. of awareness programmes held	3 (313 partners)	1 (86 partners)
% of value chain partners covered	58	47

Sustainable Sourcing

Metric	FY 2024-25	FY 2023-24
Percentage of inputs sourced sustainably	25.13%	27%
Total value of sourced material from MSMEs/small producers (₹ crore)	331.01	192.7
Percentage of input material from MSMEs/small producers	42.66	27.66

Natural Capital



WE UNDERSTAND OUR OPERATIONS CAN HAVE AN IMPACT ON THE ENVIRONMENT AND NATURAL RESOURCES. WE HAVE STRATEGICALLY COMMITTED TO REDUCING OUR GHG EMISSIONS, WITH A LONG-TERM AMBITION TO ACHIEVE NET-ZERO STATUS BY 2050. WE ARE ACTIVELY WORKING TO MINIMISE OUR WATER AND ENERGY CONSUMPTION AND APPLYING GREEN CHEMISTRY PRINCIPLES IN OUR R&D PROJECTS. OUR ENVIRONMENTAL POLICIES OUTLINE OUR COMMITMENT TO SUSTAINABLE OPERATIONS AND VALUE CHAIN.

SDG LINKAGES

100%

Manufacturing facilities are Zero Liquid Discharge compliant

~₹ 60 crore

invested in the last 4 years on capex related to EHS improvements (on Environment initiatives)

99.9%

Hazardous Waste recycled or reused

ENVIRONMENT MANAGEMENT SYSTEM (EMS)

We have established a robust Environment Management Systems (EMS) aligned with ISO 14001. Our broader approach towards managing our environmental footprint revolves around becoming water, waste and energy-efficient, taking carbon neutrality initiatives and focussing on sustainable R&D and innovation. We have established long-term and interim goals to monitor our performance against defined key environmental KPIs, reflecting our structured approach towards environmental stewardship. These goals are a part of balanced scorecards of our executives and leaders to align their commitment with the broader organisational goals. We transparently update our stakeholders on our environmental performance through sustainability reporting.

EMS STANDARDS AND CERTIFICATIONS

ENVIRONMENTAL MANAGEMENT IS GOVERNED BY INTERNAL SOPs AND POLICIES ALIGNED WITH REGULATORY STANDARDS. REGULAR AUDITS, TRAINING, AND MONITORING ENSURE POLICY IMPLEMENTATION AND CONTINUOUS IMPROVEMENT.

Sustainable development

At Neuland Labs, we recognise that sustainable development is critical to our long-term success and value creation. As we navigate through dynamic market landscapes, our governance body is deeply committed to aligning our business strategy with sustainable development goals. Our vision focusses on balancing economic growth, environmental responsibility, and social impact, ensuring that our operations, products, and services contribute positively to society and the environment. In the short term, our strategic priorities include minimising environmental impacts through enhanced energy efficiency and water conservation, advancing our sustainability targets, and fostering ethical business practices. Over the medium and long term, we aim to scale innovations in sustainable pharmaceuticals, reduce emissions across our supply chain, and expand access to essential medicines globally.

EHS Team Structure

At Neuland, we are dedicated to excellence in environment, health, and safety (EHS), and we prioritise environmental protection, the prevention of occupational illnesses, and injury prevention as core corporate responsibilities. EHS stewardship is embedded in our organisational framework and drives our decision-making and continuous assessment of EHS-related risks.

Our management systems are designed to focus on resource conservation, pollution prevention, and the protection of worker health. Through robust implementation, we effectively manage key EHS indicators such as freshwater usage, waste generation, CO_2 emissions, and work-related injuries.

We conduct monthly reviews through a structured "EHS MIS" process leading to monitoring our performance by the Leadership. This is further supported by internal mechanisms such as corporate EHS guidelines and audits. EHS has now been seamlessly integrated into our change management system, ensuring that all our operations continue to prioritise EHS considerations.

Our EHS department focusses on:

- **Environmental Protection Services:** We develop and deliver environmental products and services for all Neuland stakeholders by managing environmental programmes and providing technical assistance on environmental requirements.
- **Health and Safety Services:** We are committed to delivering high-quality, safe processes to both internal and external customers, particularly in the fields of industrial hygiene and safety.
- ISO 9001,
- ISO 14001:2015,
- ISO 27001:2022,
- ISO 45001:2018,
- British Safety Council Occupational Health and Safety and Wellbeing.

ZERO INSTANCES OF ENVIRONMENTAL NON-COMPLIANCE, INCLUDING MONETARY FINES/PENALTIES AND NON-MONETARY SANCTION, IN FY 2024-25

Our policies and certifications are available on our website

1. EHS policy
2. Climate change policy
3. ISO certificates
4. Environment clearance order
5. Environment clearance Unit-I
6. Environment clearance Unit-II
7. Biodiversity Conservation and No Deforestation
8. Sustainable supply chain
9. Zero land fill

Levers For Net Zero Roadmap

Energy Efficiency Measures

We are investing in energy-efficient equipment and technologies and optimising our manufacturing processes to enhance energy efficiency and reduce emissions.

The Company invested around ₹ 9.2 crore on equipment for energy conservation. During the year, the following energy efficiency measures were undertaken:

- Under performing and high energy consuming vacuum pumps were replaced with new vacuum pumps
- To minimise the Liquid nitrogen consumption (-50 Deg C) Brine chilling plants installation initiated
- Replaced old less energy-efficient motors with energy-efficient IE3 motors
- Automatic tube cleaning systems installed in refrigeration plants which resulted in reduction of energy consumption
- Under performing refrigerant compressor replaced with new refrigerant compressor
- Water jet vacuum pumps replaced with new dry vacuum pumps to minimise the operation cycle times
- Localised capacitor banks are installed at MCC's to minimise the transmission losses in power

Additionally, as alternate source of energy generated via coal, 1.08 MT of Biomass briquettes was used in place of coal.

Tracking, Monitoring and Reporting

We have established defined metrics and KPIs to track and monitor progress against the emission reduction goals.

We ensure credibility of our emissions data, reduction strategies, including carbon offset projects by obtaining verification through independent third-party organisations. The stakeholders are provided with regular disclosures via sustainability reporting aligned with global frameworks such as the Global Reporting Initiative (GRI) or the Task Force on Climate-related Financial Disclosures (TCFD).

Stakeholder Engagement

We engage with our key stakeholders, including employees, customers, and suppliers, to promote sustainability initiatives, gather feedback, and align them with our sustainability commitments. We also engage with industry partners, government bodies and non-governmental organisations for collective action.

Continuous Improvement

We invest in research and development to innovate ways to reduce environmental impacts and ensure operations sustainable. We regularly review and update our sustainability targets and strategies to stay relevant.

ADDRESSING CLIMATE CHANGE

OUR AMBITION IS TO BECOME A NET ZERO EMISSION COMPANY, WITH INTERIM TARGETS SET FOR 2034.

NET ZERO

Neuland Laboratories is actively working to align its climate and environmental initiatives with global sustainability frameworks such as the Science Based Targets initiative (SBTi), the United Nations Sustainable Development Goals (UN SDGs), and various regulatory guidelines.

Neuland Labs is diligently working towards the validation of its near-term and net-zero greenhouse gas (GHG) emission targets.

The SBTi, a leading corporate climate action organisation, provides a framework for companies worldwide to combat the climate crisis. By developing standards, tools, and guidance, the SBTi ensures that companies set GHG emissions reduction targets aligned with the latest climate science, contributing to limiting global warming to well below 1.5°C and achieving net-zero by 2050 at the latest.

We collected the data for energy consumption and greenhouse gas emissions across our production processes and supply chain, covering Scope 1, Scope 2, and Scope 3 categories. A detailed analysis setting FY 2023-24 as the baseline year has better equipped us to formulate and implement targeted strategies for reducing our environmental footprint and achieving our Net Zero goals. We submitted our carbon neutral and net zero targets to SBTi for validation and are awaiting results. Regular reviews and the ability to adjust targets based on new data and technological advancements are essential for continuous improvement.

Our journey towards setting science-based targets is a testament to our team's dedication and our company's long-term vision. We recognise the importance of aligning our operations with global efforts to mitigate climate change, and we are committed to achieving meaningful reductions in our carbon footprint. Implementing a robust management system is crucial to ensure we reach these ambitious goals. We will continue to prioritise transparency and stakeholder engagement throughout this process.

WE ARE SIGNATORIES TO THE UNITED NATIONS GLOBAL COMPACT (UNGC) SINCE SEPTEMBER 2022, AND OUR SUSTAINABILITY EFFORTS ALIGN WITH ITS TEN PRINCIPLES.

UN GLOBAL COMPACT

ENERGY MANAGEMENT

Optimising energy consumption through energy-efficient measures, operational efficiencies, electrification and fuel efficiency is our primary focus. We have taken the following energy optimisation initiatives across our plants and operations:

~383 TJ

Total energy consumption in FY 2024-25, up by 1.7% from FY 2023-24

Pressure-Based Control Mechanism

High energy consumption pumps now use a pressure-based control mechanism to minimise energy use according to requirement variations at the end use.

Auto Cut-Off Provision

Auto cut-off provisions have been introduced for all utility and process cooling towers to ensure minimum power consumption as needed.

Power Factor Optimisation

Measures have been taken to ensure the power factor is optimised, reducing transmission losses in distribution networks.

Variable Frequency Drives

Variable frequency drives have been installed to maintain minimum power consumption where requirements are inconsistent with the process.

Boiler Automation

Automation has been introduced in boiler operations to ensure they operate at an optimum state.

Reductions in Energy

At Neuland, our commitment to reducing energy consumption remains a key focus as we strive for operational efficiency and sustainability.

Our goal is to maintain a balanced approach that optimises both energy use and product quality, aligning with our long-term objectives of minimising environmental impact while enhancing business performance.

These actions are part of a broader strategy to ensure that Neuland not only meets but exceeds global energy efficiency standards, driving sustainability across our value chain.

Energy Consumption

Energy Indicators	Unit	FY 2022-23	FY 2023-24	FY 2024-25
Power consumption	TJ	130.2	144.2	153.80
Fuel consumption				
Diesel	TJ	10.59	9.48	9.99
Coal	TJ	403.93	223.69	216.18
LPG	TJ	0.24	1.28	2.95
Total energy consumption	**TJ**	**545.01**	**377.16**	**383.37**
Energy intensity	TJ/Revenue in ₹ million	0.05	0.02	0.03
Energy intensity	TJ/Per tonne of Product		0.81	0.86

Note: Previous year's numbers (FY 2023-24) have been rectified, following change in the calorific value assumptions considered for coal. Revenue and production-based intensity ratios are calculated organisation-wide, and not site by site. No energy is consumed outside the organisation.

Energy consumption during FY 2024-25 increased sligthly due to the construction of a new block, the setup of dedicated workstations for certain products with entirely new utility systems, and the installation and operational testing of equipment prior to batch production. Additionally, ongoing expansion and renovation activities within the manufacturing units contributed to the rise in energy usage. These combined factors led to a spike in overall energy consumption.

EMISSIONS MANAGEMENT

At Neuland Laboratories, we are implementing systems to track our emissions for accurate reporting. Regular reviews to track progress against the Science-based emission reduction targets will enable us to make adjustments and refinements as needed. We engage with our key stakeholders at all levels, including employees, suppliers, and customers, to gather feedback, and implement emission reduction strategies successfully. Regular monitoring and reporting help identify areas for improvement and ensure progress towards sustainability goals.

Our GHG Footprint

Scope 1

Direct Emissions

Our Scope 1 emissions come from stationary combustion (diesel generators, boilers), mobile combustion (company vehicles), and fugitive emissions (refrigerants) and are calculated using emission factors from IPCC and ASHRAE standards.

Scope 2

Direct Emissions

Our Scope 2 emissions are primarily from grid electricity consumption, calculation using a location-based approach and emission factors from the CO_2 Baseline Database for the Indian Power Sector.

Scope 3

Indirect Emissions

Purchased Goods and Services, Capital Goods, Fuel and Energy-related Activities, Upstream Transportation and Distribution, Waste Generated in Operations, Business Travel, Employee Commuting, Leased Assets, and Downstream Transportation are included under our Scope 3 greenhouse gas (GHG) emissions reporting, in alignment with the GHG Protocol guidelines. Significant portion of our Scope 3 data comes from our supply chain. Consequently, we are committed to engaging in and collaborating with our suppliers to implement effective strategies for meaningful reduction of supply chain emissions.

Our Greenhouse Gas emissions

GHG Emission Indicators	Unit	FY 2022-23	FY 2023-24	FY 2024-25
Scope 1 Emissions	tCO_2e	27,442	23,566	27,761
Scope 2 Emissions		27,245	28,097	31,060
Scope 3 Emissions		1,607	3,037	1,28,244
Total GHG Emissions		**56,294**	**54,700**	**1,87,065**
GHG Emission Intensity	tCO_2e/Revenue in ₹ million	5.26	3.48	12.67
Energy Intensity	tCO_2e/Per tonne of Product		117.93	421.14

Note:

- *FY 2022-23 numbers for Scope 3 were updated following some corrections identified in FY 2023-24 subsequent to release of IR.*
- *During FY 2024-25, we started monitoring 9 categories in Scope 3, as against 4 categories in FY 2023-24*
- *Previous year number for Scope 1 emissions were refined due to change in calorific value assumptions of coal, and are aligned to current year numbers*

Breakdown of Scope 3 emissions

No.	Category	FY 2022-23	FY 2023-24	FY 2024-25
1	Purchased Goods and Services	-	-	99,794.33
2	Capital Goods	-	-	1,780.60
3	Fuel and Energy-related Activities	-	-	21,120.80
4	Upstream Transportation & Distribution	457.17	987.91	3,247.23
5	Waste Generated in Operation	131.46	359.89	360.66
6	Business Travel	-	-	222.94
7	Employee Commuting	-	-	47.43
8	Leased Assets	716.09	905.18	839.89
9	Downstream Transportation	302.22	783.84	829.71
	Total tCO_2 Eq	**1,606.96**	**3,036.82**	**1,28,243.58**

Air emissions other than GHG emissions

Air Pollutants (in tonnes)	FY 2022-23	FY 2023-24	FY 2024-25
SOx	64.46	74.15	70.14
NOx	21.89	28.23	26.02
Particulate Matter (PM)	27.87	37.18	35.70

Air Quality Improvement Initiatives

Neuland Laboratories has implemented several key strategies and initiatives to improve air quality. Here are some of the main approaches:

Emission Control Systems

- **Scrubbers and Filters**
  Installing advanced scrubbers and filters to capture and reduce harmful emissions from manufacturing processes
- **Regular Maintenance**
  Ensuring regular maintenance of emission control systems to maintain their efficiency and effectiveness

Green Chemistry

- **Safer Chemicals**
  Using safer, non-toxic chemicals in manufacturing processes to reduce the release of hazardous substances
- **Waste Minimisation**
  Implementing green chemistry principles to minimise waste generation and improve overall environmental performance

Monitoring and Reporting

- **Continuous Monitoring** Utilising advanced monitoring systems to continuously track air quality and emissions levels
- **Transparency**
  Regularly publishing sustainability reports that detail progress in reducing GHG emissions and improving air quality

By implementing these strategies and initiatives, Neuland Laboratories aims to significantly reduce its environmental footprint and contribute to a healthier, more sustainable future.

Refrigerant Management

In line with best practices for managing high global warming potential (GWP) substances, we have initiated the replacement of R-22 refrigerant with R-404a in our HVAC systems. This transition not only improves our system efficiency but also reduces the environmental impact associated with refrigerant leaks and usage.

Emission Control Systems

We are deploying advanced scrubbers and filters in our manufacturing processes to capture and minimise harmful emissions. Timely maintenance of emission control systems ensures efficiency and effectiveness.

Green Chemistry

We are prioritising safer, non-toxic chemicals in manufacturing processes to minimise the release of hazardous substances. We are also applying green chemistry principles to minimise waste and improve the overall environmental footprint.

Monitoring and Reporting

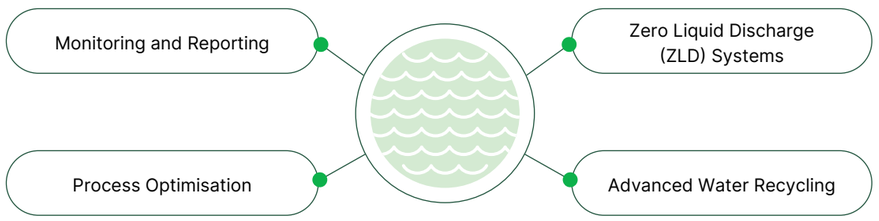
We leverage advanced monitoring systems to track air quality and emissions levels and provide transparent public disclosures through our sustainability reporting.

RESPONSIBLE WATER MANAGEMENT

Water Efficiency Target

Air Pollutants (in tonnes)	**Consumption in FY 2023-24**	**Consumption in FY 2024-25**
Water Consumption	1,28,000 KL	1,41,037 KL

Approach To Water Efficiency



Committed to minimising our water footprint, we have implemented sustainable water management practices. Zero Liquid Discharge (ZLD) technology across our manufacturing plants ensures that no liquid waste is discharged into the environment. We have optimised our operations using green chemistry principles and efficient equipment for water efficiency, conservation and minimisation of water wastage.

Being in notified industrial areas, ground water restoration or usage is not feasible.

We conduct water audits, and reviews both internally as well as through independent third-party, to ensure continuous improvement and compliance with national and international environmental regulations and standards. We transparently update our key stakeholders on our water performance.

In FY 2024-25, We carried out a water conservation study in Unit-III, and determined opportunities to conserve water. We plan to deploy the feasible recommendations in all our locations.

Additionally, during the year, a waterbody rejuvenation project was initiated by the Company that aims at balancing ~50% of FY 2024-25's water consumption by FY 2028-29

Case study

Advanced Water Recycling

We have implemented advanced effluent treatment processes incorporating sophisticated filtration and purification technologies. This enabled us to recycle 87% of our wastewater and reuse it directly within our manufacturing processes. The remaining 13% of wastewater that cannot be recycled is efficiently treated using Multiple-Effect Evaporation technology, converting it into solid waste for safe disposal.

Impact

These systems have significantly improved our water efficiency, reducing our reliance on freshwater resources.

89.54 KL
of wastewater was recycled and reused within our operations

Water withdrawal/consumption

Water Indicators	Unit	FY 2022-23	FY 2023-24	FY 2024-25
Total Water consumed (including recycled water)	m^3	1,13,130	1,28,000	1,41,490
Total Water consumed	m^3/crore (₹) of turnover		81.48	94.45
Intensity	KL/Kg of production		0.28	0.32

WASTE MANAGEMENT AND CIRCULAR ECONOMY

We have embraced a multi-pronged approach for responsible waste management to lower our environmental footprint. We safely dispose hazardous materials in compliance with national and international regulations.

Waste Reduction and Management

01 Use green chemistry in process design to minimise material use and hazardous waste

02 Use safer and non-toxic chemicals to reduce hazardous waste

03 Design lean and efficient manufacturing processes to reduce hazardous waste at source

04 Segregate recyclable from non-recyclable waste to avoid contamination

Responsible Waste Handling

Waste Categories	Type	Handling and Disposal
Hazardous Waste	Evaporation salt, process salt, spent carbon, ETP sludge, insulation waste, spent mixed solvents, used oil, and used PPE. Non-hazardous waste includes plastic, paper, glass, and empty drums	• We strictly follow the Hazardous Waste Management Rules of 2016 • Our waste management system achieved Zero waste to landfill More details on the following page
Non-Hazardous Waste	E-waste management, plastic, paper, glass, and metals	• Established recycling programmes to capture and recycle materials More details on the following page

Total Hazardous Waste - Disposal-Wise

Method	Unit	2021-22	2022-23	2023-24	2024-25
Land Fill	M	340.6	0	0	0
Reused/Recycled					
• Co-processing	MT	2,334	5,651.45	7,021.29	5,276.35
• Recycling	MT	1,400	20.85	5.14	4.04
Incineration	MT	23.26	3.95	0	0
Total Hazardous Waste Quantity	MT	4,097.7	5,676.25	7,026.43	5,280.39

Hazardous Waste Treatment Method - Percentage

Method	Unit	2021-22	2022-23	2023-24	2024-25
Land Fill	%	8.31	0	0	0
Reused/Recycled					
• Co-processing	%	56.96	99.56	99.93	99.92
• Recycling	%	34.16	0.37	0.07	0.08
Incineration	%	0.57	0.07	0.0	0.0

Total Waste Generated

Waste Type	Unit	2021-22	2022-23	2023-24	2024-25
Non-Hazardous Waste	MT	56.7	61.42	83.58	113.41
Hazardous Waste	MT	4,097.7	5,676.25	7,026.43	5,280.39
Biomedical Waste	MT	2.9	3.95	4.33	5.47
Sub-total (Hw, Bmw)	MT	4,100.6	5,680.2	7,030.76	5,285.86
Total Waste generated	**MT**	**4,154.40**	**5,741.62**	**9,795.08**	**7,899.57**

Zero waste

to landfill certified manufacturing plants

Exposure to Hazardous Material Substances

At Neuland Laboratories, we have undertaken several initiatives to minimise both hazardous and non-hazardous waste across our manufacturing operations. Below are some of the key strategies we are implementing:

Green Chemistry

Principles: We are adopting green chemistry principles to design processes that minimise the use and generation of hazardous substances.

Safer Alternatives: We actively seek and use safer, non-toxic alternatives in our chemical processes to reduce the volume and toxicity of hazardous waste.

Process Optimisation

Efficiency: We are optimising our manufacturing processes to reduce the generation of hazardous waste right at the source.

Waste Treatment: We have implemented advanced waste treatment technologies to neutralise hazardous waste before it is disposed of, ensuring safer and more responsible handling.

Waste Generated

Waste Indicators	Unit	FY 2022-23	FY 2023-24	FY 2024-25
Total Waste Generated	metric tonnes	7,354.97	9,795.08	7,899.57
Of which -				
Waste reused		5,714.55	7,068.02	5,389.76
Waste recycled		1,636.47	2,685.87	2,504.34
Waste disposed - Biomedical waste		3.95	4.33	5.47
Total Waste Generated	(tonne/crore (₹) of turnover)	6.17	6.23	5.35
Waste Generation Intensity	Per Tonne of Product		21.12	17.78

Read more on waste management in BRSR-P6 on page 190

BIODIVERSITY

At Neuland Laboratories, we recognise that biodiversity is not only a global environmental priority but also a critical component of sustainable pharmaceutical manufacturing. Our operations are guided by a deep commitment to preserving ecological balance and ensuring that our growth does not come at the cost of nature.

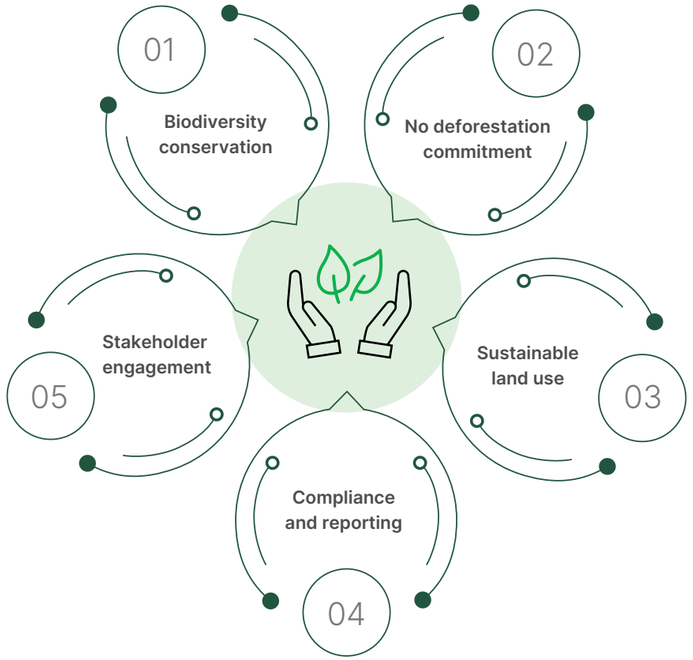
Understanding and Managing Biodiversity Impacts

In FY 2024-25, Neuland Labs undertook a comprehensive biodiversity assessment across all operational sites (Units I, II, III and R&D), located in Hyderabad. In collaboration with accredited environmental consultants, we conducted a biodiversity assessment using desk-based reviews, site-specific surveys including tools like the Integrated Biodiversity Assessment Tool - IBAT, and stakeholder consultations. The assessment confirmed that our activities comply with applicable environmental norms and pose no significant threat to local biodiversity. The scope of this assessment excluded supply chain partners. The study also helped us identify potential areas of influence, both direct and indirect, on surrounding ecosystems. Our biodiversity assessment report can be accessed from our website.

We have integrated biodiversity considerations into our Environmental Management System (EMS), ensuring that any new project or expansion undergoes a biodiversity impact screening. This proactive approach allows us to mitigate risks early and adopt nature-positive practices.

Commitment to Biodiversity

Our Biodiversity and No Deforestation commitment outlines our proposed actions that protect ecosystems and promote environmental stewardship with focus on the following:



Locations and Drivers of Biodiversity Impact

While our manufacturing sites are located in an industrial zone with limited natural habitats, we remain vigilant about potential indirect impacts such as air emissions, wastewater discharge, and resource consumption.

As part of our biodiversity assessment, we identified two eco-sensitive areas located outside our operational boundaries – Jinnaram Reserve Forest and Manjira Wildlife Sanctuary. Our operations do not have any direct impact on any critical habitats or endangered species in these areas.

We have identified the following potential drivers of biodiversity loss relevant to our operations:

- Land use change due to infrastructure development
- Water use and discharge affecting aquatic ecosystems
- Emissions and waste generation

Mitigation measures, including zero liquid discharge (ZLD) systems, green belt development, and strict waste segregation protocols, are in place to address these drivers.

Our future biodiversity goals would be aligned to maintaining sensitivity and compliance to above drivers in our operations and gradually include supply chain partners.

LIFE CYCLE ASSESSMENT

In FY 2024-25, we completed life cycle assessment (LCA) for our Ciprofloxacin HCL family of products and initiated LCA for another product, Mitrazapine. Our LCA report is hosted on our website

Corporate Information

Board of Directors

Dr. Davuluri Rama Mohan Rao
Executive Chairman

Mr. Davuluri Sucheth Rao
Vice Chairman & Chief Executive Officer

Mr. Davuluri Saharsh Rao
Vice Chairman & Managing Director

Dr. Christopher M. Cimarusti
Non-Executive Director

Mr. Homi Rustam Khusrokhan
Non-Executive Independent Director

Mr. Prasad Raghava Menon
Non-Executive Independent Director

Mr. Sugata Sircar
Non-Executive Independent Director

Ms. Pallavi Joshi Bakhru
Non-Executive Independent Director

Chief Financial Officer

Mr. Abhijit Majumdar

Company Secretary & Compliance Officer

Ms. Sarada Bhamidipati

Audit Committee

Mr. Homi Rustam Khusrokhan
Chairman

Mr. Sugata Sircar
Member

Ms. Pallavi Joshi Bakhru
Member

Mr. Prasad Menon
Member

Stakeholders Relationship Committee

Ms. Pallavi Joshi Bakhru
Chairperson

Mr. Davuluri Sucheth Rao
Member

Mr. Davuluri Saharsh Rao
Member

CSR Committee

Mr. Prasad Menon
Chairperson

Dr. Davuluri Rama Mohan Rao
Member

Mr. Davuluri Sucheth Rao
Member

Mr. Davuluri Saharsh Rao
Member

Ms. Pallavi Joshi Bakhru
Member

Nomination and Remuneration Committee

Mr. Homi Rustam Khusrokhan
Chairman

Mr. Prasad Raghava Menon
Member

Ms. Pallavi Joshi Bakhru
Member

Risk and Sustainability Committee

Mr. Prasad Raghava Menon
Chairperson

Mr. Homi Khusrokhan
Member

Mr. Davuluri Sucheth Rao
Member

Mr. Davuluri Saharsh Rao
Member

Registered Office

NEULAND LABORATORIES LIMITED
CIN: L85195TG1984PLC004393
11th Floor (5th Level), Phoenix Ivy Building, Plot No. 573A-III, Road No. 82, Jubilee Hills, Hyderabad - 500033, Telangana, India

Listing

BSE Limited (BSE) -
Scrip Code: 524558
National Stock Exchange of India Limited (NSE)
Scrip Code: NEULANDLAB

Statutory Auditors

M/s. MSKA & Associates
1101/B, Manjeera Trinity Corporate, JNTU, Hitech City Road, Kukatpally, Hyderabad - 500072, Telangana

Internal Auditors

M/s. Ernst & Young LLP
The SKYVIEW 10,
18th Floor, "Zone A",
Survey No. 83/1, Raidurgam
Hyderabad - 500032, Telangana

Secretarial Auditors

M/s. P.S. Rao & Associates
Flat No. 10, 4th Floor,
D. No. 6-3-347/22/2
Ishwarya Nilayam,
Opp. Sai Baba Temple
Dwarakapuri Colony, Panjagutta,
Hyderabad - 500082, Telangana

Bankers

State Bank of India, Overseas Branch, Jubilee Hills, Hyderabad
Axis Bank Limited, Begumpet, Hyderabad
HDFC Bank Limited, Banjara Hills, Hyderabad
Kotak Mahindra Bank Limited, Somajiguda Branch, Hyderabad
IndusInd Bank Limited, Secunderabad Branch, Hyderabad

Registrar and Share Transfer Agents

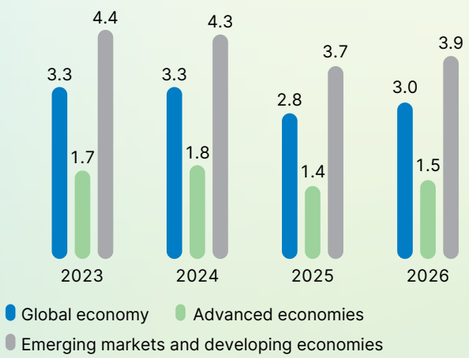
KFin Technologies Limited
Selenium Tower B,
Plot No. 31 & 32,
Financial District, Nanakramguda
Serlingampally Mandal,
Hyderabad - 500032,
Telangana

Management Discussion and Analysis

GLOBAL ECONOMIC OVERVIEW

In 2024, the world economy grew 3.3%, maintaining the pace of growth, despite continued geopolitical tensions. Shifting geopolitical developments, trade fluctuations and inflationary trends shaped the global economy. Growth was not uniform across countries with robust momentum in the US in contrast to slower growth witnessed in the Euro region. Proactive policy measures and sustained investments provided resilience, enabling economies to navigate an evolving global environment.

Total Income (₹ in crore)



Source: IMF Economic Outlook, January 2025

Global inflation decreased from 6.8% in 2023 to 5.7% in 2024. Inflation is further expected to decline to 4.3% in 2025 and 3.6% in 2026. Advanced economies are likely to meet their inflation targets before emerging and developing markets.

Advanced economies are expected to witness moderate growth at 1.4% in 2025 and 1.5% in 2026 similar to 1.7% and 1.8% growth witnessed in 2023 and 2024 respectively. The US economy is expected to grow at 1.8% in 2025 and 1.7% in 2026, lower than 2.8% in 2024 and 2.9% in 2023. The Euro Area is showing gradual improvement in economic growth from 0.4% in 2023 to 0.9% in 2024, 0.8% in 2025 to 1.2% in 2026. Emerging Markets and Developing Economies (EMDEs), led by China and India, grew at 4.3% in 2024 and are projected to witness steady growth at 3.7% and 3.9%, respectively in 2025 and 2026.

Outlook

In 2025 and 2026, growth is projected at 2.8% and 3% respectively with expectations of pick-up in growth in the US which will offset the continued slowdown in the Euro area. US's new policy implementations need to be closely monitored post the 90-day hiatus, as they will have a significant impact on global trade. US tax cuts could boost the US economic growth. The response of trade partners in retaliation to US' cross-border tariffs of 10% will alter the landscape of global trade. Continued geopolitical tensions could play out in patterns which are distinct from the past and have to be closely monitored.

INDIAN ECONOMIC OVERVIEW

Despite ongoing geopolitical turmoil across the globe, India has shown resilience and sustained growth momentum. As per the Second Advance Estimates of GDP, India's GDP growth was expected at 6.5% in FY 2024-25, much lower than 9.2% GDP growth in FY 2023-24. Slower GDP growth in the first half of the year is attributable to lower industrial activity. Election uncertainties in the first quarter followed by a modest activity in construction and manufacturing in the subsequent quarter due to weather-related disruptions led to weaker-than-expected gross fixed capital formation. Though both private consumption and government spending witnessed significant uptick, RBI's monetary policy stance was weak given slow economic activity. Inflation in November 2024 at 5.8% was well above RBI's target of 4%. It is expected that rural consumption, government expenditure, investment, and strong services exports would lead to a pickup in GDP in the second half of the financial year. The IMF projects India's economy to grow at 6.2% in 2025 and 6.3% in 2026, aligning with global trends of steady growth and declining inflation, though growth in 2024 slowed due to deceleration in industrial activity.

GLOBAL PHARMACEUTICAL INDUSTRY

Post Covid-19, the pharmaceuticals market has been witnessing a major transformation driven by increasing significance of digitalisation and integration of AI tools and solutions in R&D activities. There is an increased focus from players around the world on novel drug therapies. In 2023, the global pharmaceutical market was estimated at US$ 1,661.3 billion and it increased to US$ 1,763.9 billion in 2024. Increased R&D spending, rising prevalence of various chronic conditions, growing geriatric population prone to various age-related disorders, along with increasing healthcare expenditure in emerging countries are some other major factors aiding global pharmaceutical market growth. The market is expected to grow at 7.5% CAGR to US$ 3,148.3 billion by 2032. The rising global prevalence of chronic conditions, especially cancer, diabetes, and others, is adding to the patient population. With the growing awareness and diagnosis of infectious diseases, the need for vaccines, personalised drugs, and therapies is also on the rise. There is a rapid growth in per capita healthcare expenditure in developed and emerging countries which is expected to continue.

Source: www.fortunebusinessinsights.com; Pharmaceuticals Market Size, Share | Forecast Report [2032])

GLOBAL SPECIALITY PHARMACEUTICAL INDUSTRY

Specialty pharmaceuticals primarily entail specialty drugs or medications distinct from traditional or general pharmaceuticals typically used to treat complex, chronic or rare medical conditions such as cancer, autoimmune disorders. They include biologic drugs, gene therapies, cell therapies or other advanced treatment modalities.

A rapid expansion of the specialty pharmaceutical industry has been observed, leading to the predictions of a significant increase from US$ 68.3 billion in 2023 to US$ 1,532.8 billion by 2033. This represents a strong CAGR of 36.5%. North America is emerging as the largest market. This sector is experiencing growth and expansion due to the rise in chronic and rare diseases along with various advances in biotechnology and personalised treatment.

Source: Specialty Pharmaceuticals Market - Global Industry Size, Share, Trends, Opportunity, and Forecast, 2020-2030F

INDIAN PHARMACEUTICAL INDUSTRY

India's pharmaceutical industry is globally known as the 'Pharmacy of the World' offering multiple solutions across a vast range of segments, including generic drugs, over-the-counter (OTC) medicines, bulk drugs, vaccines, contract research, biosimilars, and biologics. India is the world's leading vaccine exporter. India supplies 65-70% of the World Health Organisation's (WHO) vaccine requirements, particularly for DPT, BCG and measles. The Indian pharmaceutical market (IPM) ranks third globally in production by volume and 14th by value. IPM plays a significant role in affordable HIV treatment. With such major contributions and growing China plus one strategy among large pharmaceutical markets, India is cementing its position as a key global pharmaceutical supplier.

The Indian pharmaceutical industry, currently valued at US$ 58 billion. India's pharmaceutical exports grew from US$ 15 billion in FY 2013-14 to US$ 27.85 billion in FY 2023-24. The industry is estimated to reach US$ 120-130 billion by 2030 led by rising lifestyle diseases, an aging population, increased focus on holistic health, strong government push and the growing consumerisation of healthcare. With rise in streamlining of regulatory reforms in India, there is expected to be substantial growth in R&D and innovation. The IPM is amidst a significant transformation with growing focus from generic medications to innovation-driven solutions. Contract Development and Manufacturing Organisations (CDMOs) is a crucial part of this journey.

Source: Investing in India's Pharmaceutical Industry: Key Growth Prospects

THE INDIAN PHARMACEUTICAL INDUSTRY, CURRENTLY VALUED AT US$ 58 BILLION. INDIA'S PHARMACEUTICAL EXPORTS GREW FROM US$ 15 BILLION IN FY 2013-14 TO US$ 27.85 BILLION IN FY 2023-24.

GOVERNMENT SUPPORT FOR PHARMACEUTICAL R&D AND EXPORTS

With the intention to cement its stronghold in the global pharmaceutical space, the government has taken various measures like the PLI scheme and Strengthening of Pharmaceuticals Industry (SPI) among others. Strict adherence to Good Manufacturing Practices (GMP) through tightened regulations and inspections is improving manufacturing processes and quality control measures to a large extent. The adoption of advanced technologies like automation, data analytics, and Artificial Intelligence is enhancing quality control processes and enhancing process efficiency. The Union Budget 2025 focussed on improvement of medical infrastructure, expansion of medical education, promotion of medical tourism and 'Heal in India' campaign. The budget also intended to boost private sector-driven R&D and innovation. Several announcements were made for cancer and other critical treatments.

Catalysts for Growth

- Improving life expectancy
- Ageing population
- Growing prevalence of chronic diseases
- Rising need for quality healthcare services
- Improvement in health insurance penetration
- Poor eating habits and increasing stress levels lead to early onset of ailments
- Changing lifestyle choices
- Health insurance penetration in India is expected to reach ~46% in FY 2024-25
- Growing awareness for healthcare and government sponsored schemes is promoting the health insurance sector

Global API market

Active Pharmaceutical Ingredients (API) are the primary component in medications which cause the therapeutic effect. The global pharmaceutical API market is valued at US$ 245.6 billion in 2024 riding on healthy growth in past decade. The growth in the global API market is the result of the rising demand for specialty drugs and the widespread use of generic medicines. Technological advances in API production, scaling production capacities, the rising incidence of chronic diseases, expanding global healthcare infrastructures and increased investments in drug development are also driving this growth.

By 2033, the global API market is expected to grow at 4.4% CAGR to reach US$ 369.0 billion. The growth is mainly driven by growing prevalence of chronic diseases like diabetes, cancer, and neurological and cardiovascular disorders, increasing demand for biosimilars and generic drugs, and substantial rise in investments in pharmaceutical R&D activities. The growing need for generic medication which act as affordable alternatives to brand-name medications coupled with emerging trend of commercialisation of biologics and biosimilars is aiding growth of the API market globally.

Source: Active Pharmaceutical Ingredients [API] Market Size | 2033

Global CDMO market

Outsourcing strategies are becoming increasingly commonplace in the global pharmaceutical and biotechnology sectors as it increases operational efficiency. This shift is particularly evident in the contract development and manufacturing organisation (CDMO) market, where companies are leveraging external expertise to streamline drug development and production. Several CDMOs offer an array of services covering the entire process from drug discovery to commercialisation. These include drug discovery, preclinical and clinical trials, API and finished

product manufacturing, dosage form development, among others. CDMOs are adept at navigating regulatory environments, encouraging pharmaceutical and biotechnology companies to collaborate with them to ensure compliance.

The global CDMO market is projected in the range of US$ 200 billion to US$ 242.62 billion in 2024. Growing at 8.5% CAGR till 2032, the market is expected to increase to US$ 400 billion to US$ 465.14 billion.

Based on the internal estimate, small molecule CDMO market projected in the range of US$ 95 billion to US$ 105 billion in 2024. Limited in-house manufacturing capabilities and manufacturing processes in small pharmaceutical companies, coupled with ever-increasing complexities in therapies are driving the market growth.

Digital advancement is the latest trend in the CDMO market. The use of AI has a potential to transform the pharmaceutical CDMO market by automating manufacturing processes. AI helps in analysis of huge datasets to identify potential drug candidates, improving drug discovery and development processes. By accelerating the R&D process use of technology enables CDMOs to enhance the time to market. AI also enhances quality control, ensuring final products meet regulatory standards. AI finds applications in personalised therapeutic approaches, the development of more targeted therapies and in supply chain management.

Source: https://www.fortunebusinessinsights.com/contract-development-and-manufacturing-organisation-cdmo-outsourcing-market-102502

COMPANY OVERVIEW

Neuland Laboratories Limited (Neuland or the Company), a front-runner in the global API contract development and manufacturing organisation space, has a legacy of over 4 decades as a global CDMO with an impeccable record of quality standards. Headquartered in Hyderabad, India, a publicly traded Company, is a no-compromise pure-play API manufacturing service provider with a wide-range of chemistry solutions custom made to suit the needs of the global pharmaceutical industry.

Neuland has established itself as a dedicated API solution provider, possessing in-depth expertise in extensive complex chemistry capabilities. The Company offers various solutions like custom synthesis, the supply of advanced intermediates and APIs throughout various clinical development stages, CMC (Chemistry, Manufacturing and Controls) support for NDA filing, manufacturing through the commercial product lifecycle from launch to life cycle management through to genericisation.

Neuland has proficient technical and scientific teams which have earned strong brand equity in cGMP API manufacturing and expediting drug development. Its USP is its consistency in delivering superior quality APIs manufactured in 3 cGMP US FDA-approved plants, leveraging robust process chemistry within a regulatory compliant framework. It has a dedicated workforce of 1794 employees with 360 scientists in R&D working tirelessly manufacturing 100+ APIs across 10 different therapeutic areas.

Neuland serves more than 80 countries, earning 82% of total revenue from exports primarily from the US and Europe which account for over 89% of its total exports. The Company has 988 filings worldwide with 499 European DMFs, 72 active US DMFs. Its facilities have been successfully inspected by USFDA, EMA, PMDA, Rx-360, TGA, KFDA, ANVISA, and WHO with a total manufacturing capacity of 1,174 KL. The Company continues to strive to add capacities for backward integration and new business development. The Company exhibits unwavering focus on advancing deuterated molecules, peptides, enzymatic reactions, and cryogenic processes. It has a strong commitment to reducing absolute Scope 1&2 GHG emissions to 58.80% by FY 2033-34, reach net-zero greenhouse gas emissions across the value chain by FY 2049-50, water neutrality by FY 2049-50, and zero waste-to-landfill.

COMPANY SEGMENTS

Generic Drug Substances (GDS)

Neuland is an eminent premier provider of Generic Drug Substances (GDS)/ Generic APIs offering best-in-class quality reliable products, with expertise in complex chemical processes to over 500 customers globally. Neuland has superior operational capabilities and deep-rooted expertise in synthetic chemistry and process innovation with ability to deal with niche chemistry. The Company's Process Investigation Department (PID) majorly helps the customers to meet their price pressures by way of cutting their total cost of ownership in developing an API, thereby achieving excellence in Process development.

The Company is a well-known, trusted and preferred API supplier boasting of a vast portfolio of APIs across varied therapeutic categories. It has carved a niche for itself with 988 filings worldwide. Neuland has emerged as an ideal API partner for generics, specialising in steering through the evolving pharmaceutical landscape led by its efficient supply chain and strong quality focus. The Company's long track record combined with pure play API model makes it one of the first ports of call for customers.

Neuland's GDS business consists of non-exclusive APIs, both Prime APIs and Specialty APIs. The Specialty API segment includes high-value, lower-volume complex niche molecules that require advanced chemistry and process expertise. The Prime API segment includes large volume, mature, high-quality, complex APIs used in generic formulations.

Prime APIs

The Prime API segment consists of a portfolio of 10 APIs, responsible for driving of business volume growth. Key molecules include Mirtazapine (an anti-depressant) and Levetiracetam (effective in treating epilepsy) along with other important compounds like as Ezetimibe, Escitalopram, Levofloxacin, Ciprofloxacin, Enalapril, Sotalol, and Labetalol.

Specialty APIs

The Specialty APIs segment is a high margin profit-driving segment, comprising a robust portfolio of 50+ value-added APIs with a focussed approach towards select customers. The Company deals in complex compounds that are frequently covered by patents and are used in validation batches and regulatory filings. This segment's key molecules are Paliperidone, Dorzolamide, Brinzolamide, Deferasirox, Donepezil, Entacapone, and Salmeterol.

Key highlights of FY 2024-25

- Specialty business driven by Paliperidone and Dorzolamide
- In Prime segment Ezetimibe, Mirtazapine and Escitalopram were the key molecules
- Steady shift from low margin Prime to high margin Specialty and CMS segments
- Five new Drug Master File (DMFs) were filed
- The first Peptide DMF filed for Difelikefalin

Opportunities

- Has numerous strategic opportunities for collaborations with leading global generic players as well as players focussed on certain highly regulated markets
- Focussing on differentiating the portfolio with more focus on molecules where Neuland's presence has a higher impact for customers
- Increasing business with existing clients by strengthening relationships and customise product offerings to their evolving needs
- Continues to prioritise regulated markets and quality-conscious customers, ensuring compliance with strict regulations to enhance credibility and market competitiveness
- Striving to identify primary sourcing opportunities to secure business ahead of competitors
- Expanding portfolio with line extensions and explore new market segments for growth
- Commercialising pipeline compounds and pursuing first-to-market and NCE-1 opportunities to propel future growth
- Collaborating with dossier development firms to broaden capabilities and extend market reach, while investing in new areas to promote diversification and adaptability to market trends
- Submitting Drug Master Files (DMFs) for peptides

Custom Manufacturing Solutions (CMS)

Neuland offers customised small molecule API development and manufacturing support under its high-margin Custom Manufacturing Solutions (CMS) segment. The Company is proficient in aiding innovator pharmaceutical and biotech companies bring their innovations first to the market. The segment may exhibit short-term variances in performance.

The Company's fast-growing CMS vertical is duly supported by its state-of-the-art infrastructure complying with regulatory, environmental and safety requirements. The Company also boasts of strong domain expertise in complex chemical processes and manufacturing carving a niche for itself.

Services cover a vast range from pre-IND (Investigational New Drug) through to the manufacturing of small-scale clinical trial batches and commercial supplies with optimal technology transfer timelines. Led by a strong track record of providing reliable solutions for API development and manufacturing, the Company is emerging as an important player in the small molecule CDMO industry. The Company acts as a complete partner with services ranging from designing and developing manufacturing processes; process optimisation for competitiveness; cGMP manufacturing of APIs and intermediates; filing of CMC (Chemistry, Manufacturing and Controls) documentation/DMF for the API; to solid-state and pre-formulation technologies.

Neuland has earned a strong repute for skilfully handling complex reactions to transfer the processes from small-scale through validation to commercial manufacturing led by its rich experience. It has long-lasting and stable customer relationships led by its consultative approach. Neuland is known for expediting the development-to-market timelines with the support of its dedicated local teams across the globe together with skilled technical and commercial teams.

R&D and Manufacturing of Products in the Pipeline

The Company undertakes process chemistry, analytical R&D and lab-scale work and manufacturing operations for molecules in the clinical pipeline stage under this segment. Usually characterised by high margins these projects have a lower probability of repeat business. However, the Company has emerged as a reliable partner on the innovation journey due to its collaborative manner of working with customers and the strong trust build during the development stage strengthens. This makes Neuland a preferred commercial partner when the drug receives regulatory approval. Characterised by high attrition of molecules in clinical trials as well as variability in timelines based on the indications and data from the trials, the segment contributes to the uneven nature of the business. The development revenues

indicate the number of projects or molecules close to commercialisation.

Commercial Manufacturing

The Company produces intermediates and APIs for commercial novel molecules, covered under patent protection, under this segment. The Company is among the few approved suppliers for products that have attained commercialisation status, aiding generation of recurring revenue. The success of the commercialised drugs determines the scale in such projects. In the near future, there is a healthy pipeline of late-stage development projects likely to transition to commercial manufacturing contracts.

Enhancement of Peptide production - capability and capacity

Neuland Laboratories invested US$ 30 million in a modern multi-product, multi-modular peptide facility automated through DCS. The facility will incorporate advanced process optimisation technologies and increase peptide synthesiser capacity from 0.5 KI to 6.37 KI to support both clinical and commercial-scale peptide projects.

This investment will boost Neuland's capacity to meet rising global demand for complex peptides, solidifying its role as a reliable partner for pharmaceutical and biotech firms. The expansion includes advanced manufacturing infrastructure, reflecting Neuland's dedication to innovation, quality, and dependability in the peptide CDMO sector.

Key highlights

- Revenues driven by commercial molecules
- Increasing interest from Biotech's leading to increase in early-stage projects
- Establishing increased credibility with multiple projects from customers
- Interest from a varied range of customers including Big Pharma
- Number of peptide opportunities emerging including some exciting early stage molecules

Prospects

Advanced technologies, robust research and development capabilities and sustained customer relationships are expected to drive the segment revenues. To ensure consistent and de-risked revenue generation, the Company strives to maintain a healthy mix of Phase III and early development projects.

FINANCIAL PERFORMANCE

Statement of Profit and Loss

Revenue for the Company stood at ₹ 1,497.3 crore in FY 2024-25 as compared to ₹ 1,571.1 crore in FY 2023-24, witnessing marginal y-o-y decline of 4.7%.

The EBIDTA of the Company declined 27.8% y-o-y to reach ₹ 342.8 crore in FY 2024-25 compared to ₹ 474.5 crore in FY 2023-24. The decline was due to the change in business mix while operational expenses grew in line with the business needs.

Profit after tax for Neuland declined 13.4% y-o-y, to reach ₹ 259.4 crore in FY 2024-25 compared to ₹ 299.6 crore in FY 2023-24.

Financial Highlights FY 2016-2025

₹ crore

Particulars	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Total Income	511.6	588.9	533.7	670.3	766.6	953.0	953.2	1,200.9	1,571.1	1,497.3
EBITDA	81.5	106.9	54.6	61.4	105.3	162.5	144.3	281.1	474.5	342.8
EBITDA Margin	15.9%	18.1%	10.2%	9.2%	13.7%	17.1%	15.1%	23.4%	30.2%	22.9%
PAT	26.4	46.4	11.8	16.1	15.9	80.3	63.5	163.1	299.6	259.4
PAT Margin	5.2%	7.9%	2.2%	2.4%	2.1%	8.4%	6.7%	13.6%	19.1%	17.3%
EPS	29.7	41.6	10.6	12.8	12.4	62.6	49.5	127.1	233.5	202.2
Current Ratio (x)	1.2	1.3	1.2	1.4	1.4	1.5	1.6	1.7	2.1	2.4
ROCE (%)	18.4%	15.9%	5.0%	4.7%	8.9%	13.5%	9.7%	21.3%	32.8%	17.9%
Fixed Asset Turnover (x)	3.7	3.8	3.2	2.9	2.3	2.4	2.1	2.7	3.1	2.3
Debt to Equity (x)	0.9	0.7	0.5	0.3	0.3	0.1	0.2	0.1	0.1	0.1

Interest Coverage Ratio

During the fiscal year, the interest coverage ratio remained steady at 76.8x in FY 2024-25, unchanged from 76.8x in FY 2023-24 on account reduced finance cost in line with reduced EBIDTA.

EBITDA Margin (%)

The EBITDA margin for the Company contracted by 730 bps to reach 22.9% in FY 2024-25 from 30.2% in FY 2023-24. The decline was due to the change in business mix while operational expenses grew in line with the business needs.

Net Profit Margin (%)

Net profit margin contracted 166 bps to 17.6% in FY 2024-25 from 19.2% in FY 2023-24 due to lower finance cost as compared to reduction in EBITDA.

Net Debt to Tangible Net Worth Ratio

Net debt to tangible net worth ratio declined to -0.18 in FY 2024-25 from -0.03 in FY 2023-24 on account of increased negative net debt from previous year.

Current Ratio

Current ratio increased to 2.4 in FY 2024-25 from 2.1 FY 2023-24.

Cash Conversion Cycle

The cash conversion cycle (number of days of revenue) stood at 107 days in FY 2024-25 compared to 122 days in FY 2023-24. The decrease in days is due to faster collection of receivables.

Return on Capital Employed and Return on Invested Capital

Return on capital employed decreased to 17.9% in FY 2024-25 compared to 32.8% in FY 2023-24. Further, the return on invested capital was pegged at 14.6% in FY 2024-25 compared to 24.7% in FY 2023-24.

Fixed Assets Turnover

The fixed assets turnover ratio stood at 2.3 in FY 2024-25 compared to 3.1 in FY 2023-24. During the fiscal, the Company made capex investments of ₹ 206.4 crore.

R&D Investment

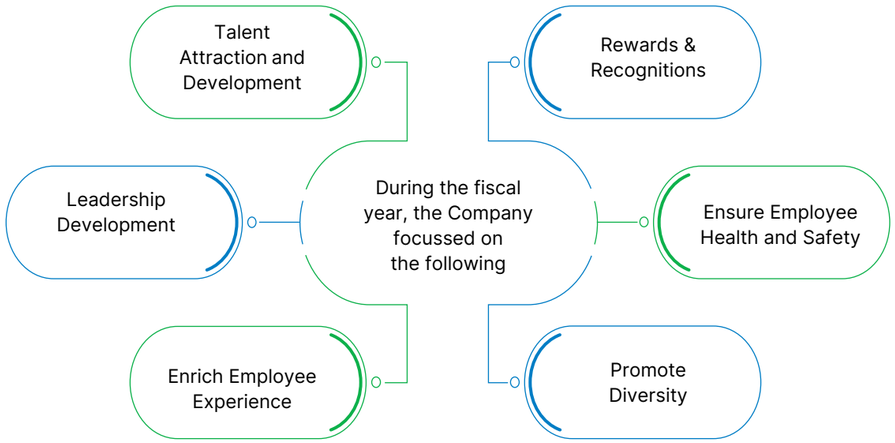
In FY 2024-25, the total R&D spend stood at ₹ 61.2 crore compared to ₹ 43.5 crore in FY 2023-24. The Company has further strengthened R&D capabilities by adding equipment.

Particulars	FY 2024-25	FY 2023-24
Debtors Turnover Ratio	4.20	4.15
Inventory Turnover Ratio	2.93	3.31
Debit Equity Ratio	0.09	0.06
Operating Profit Margin	18.52%	26.40%

HUMAN RESOURCES

HR is a crucial part of business continuity and serves as the foundation for its achievements. The Company has created a work culture wherein all employees prioritise customer satisfaction, and strive to fulfil customer needs with dedication, passion and a sense of purpose. A strict all-inclusive policy, irrespective of gender, ethnicity, religion, or nationality, guarantees the objective.

Ample opportunities are provided to showcase talent with good performance being duly recognised and awarded. With its rich legacy of over four decades, the Company attracts and nurtures top-tier talent providing a challenging yet supportive, safe and conducive work culture.



Talent Management

The Company is striving to up its ante on the quality of people be hired, goal setting and appraisal mechanism. Online HRMS system enables appraisers to review SMART goals created by the employees. It is a constant effort to align employee goals with the organisational objectives by open communication between the appraisers and the employees. Mid-year appraisals further enhance the appraisal process by acknowledging the progress on goals, modifying goals as deemed fit and providing developmental feedback to better reach the goals.

The Company mandates the appraiser to spend adequate time with the appraisee to give feedback on his or her performance during the year and share views on their performance. Feedback is provided in writing as well as during the appraisal discussion comprising inputs from all other stakeholders that the appraisee has worked with during the year. Confirmation from the appraisee is required on the HRMS system for successful completion of one-on-one feedback session with the appraiser.

Training and Development

Various training and development opportunities are offered to aid employees to expand their skill set, widen knowledge base and facilitate career advancement, through workshops, seminars, online courses and mentoring programmes, among others.

Rewards and Recognition

ACE awards (Acknowledging Commitment and Excellence), the rewards and recognition programme at Neuland, comprises quarterly and annual recognition programmes for both individual and team excellence.

On a quarterly basis, online ACE awards are presented to high-performing employees as well as high-performing teams. The annual recognition includes the 'Employee of the Year Award' being presented in an exclusive in-person event attended by the senior leadership of the organisation.

Employee Wellness

Various wellness initiatives are conducted to promote employee's physical, mental and emotional well-being,

including regular health checkups, medical insurance, vaccinations and health awareness seminars.

Health check-ups have played a vital role in early ailment detection and facilitation of preventive actions. A third party, 'YourDOST', has been hired to manage emotional well-being of all employees wherein employees, and even their family members, can book online appointments and interact with the psychologists and counsellors of YourDOST in complete confidentiality. There are 1,799 employees globally.

RESEARCH AND DEVELOPMENT

The Company has a state-of-the-art research and development (R&D) facility in Bonthapally, Hyderabad, focussed on the efficient development of complex molecules. The facility is well-equipped with modern facilities and a team of proficient scientists. Creation of non-infringing processes, designing cost-effective routes and minimising impurities, are its key focus areas.

For safety and operational efficiency, the Company has built fifteen state-of-the-art development labs, including 70 fume hoods. The analytical labs facilitate precise analyses, and a full-fledged kilo lab carries out seamless scale-up processes. Neuland also has specialised labs for peptides and a separate facility for D2 analogues, reflecting unwavering commitment to diverse research pursuits. The facilities include a dedicated hazardous waste lab for safe chemical management, a wet lab for various experiments and a Focussed Beam Reflectance Microscope (FBRM) for particle size analysis and crystallisation monitoring. The Company also has pilot plants with polyblock reactors for solubility and crystallisation studies, laboratory reactors for varied temperature reactions and heating and cooling systems for Design of Experiments (DoE) studies. Neuland has assembled a robust research and development team of around 360 individuals, post approvals from the Department of Scientific and Industrial Research, to drive innovation and promote scientific advancement.

The Company also has Pilot Plants and Kilo Labs, reflecting Neuland's strength across a wide variety of reaction capabilities that facilitate the exploration and refinement of new methods. Neuland engages in close collaboration with clients under confidentiality agreements to accelerate product development under custom synthesis. This enables Neuland to offer customisable solutions tailored to specific client needs, supported by thorough analytical backing throughout the development process. Neuland remains committed to innovation and excellence in pharmaceuticals by leveraging its R&D initiatives. Neuland leads the way in API and its intermediates' development aided by its team of skilled scientists and advanced infrastructure.

Key highlights

- 988 filings worldwide
- 204+ patents filed
- 3 international scientific conference presentations in FY 2024-25

Priorities

- Repeated enhancement of technical skills and quality advancements in research and development activities
- Dealing with complex chemicals leads to need for automation, sophisticated chemistry and the adoption of complementary new technologies
- Ongoing investment in process engineering and Quality by Design (QBD) laboratories, demonstrating a commitment to robust quality control measures and the optimisation of manufacturing processes
- A focus on deepening technical prowess and enhancing quality to ensure the delivery of superior quality products

These principles align with Neuland's overarching aim to foster innovation and maintain a competitive edge in the marketplace.

Supply chain management

An array of measures, ensure a robust supply chain management (SCM) system at Neuland. The Company has deployed different strategies to ensure effectiveness and consistency of the supply chain to comply with manufacturing demand and ensure on-time delivery to the customers.

The robust SCM system enables Neuland to efficiently counter any supply chain risks and ensure business continuity. The Company promotes collaboration with suppliers and logistics partners through various strategies to optimise inventory management, reduce lead time and minimise costs throughout the supply chain.

Key highlights of FY 2024-25

- Captured Scope 1 & 2 emissions from suppliers covering 70% by value and 90% by volume using a third-party GHG data platform
- Held ESG awareness sessions to improve supplier carbon data and build alignment for Scope 3 strategies
- In partnership with CII-IGBC, Neuland developed a carbon accounting tool and disclosed emissions data for SBTi, EcoVadis, CDP, and other ESG frameworks
- Achieved full digitisation of the procurement process and initiated digital invoice processing for greater efficiency and transparency

Priorities

Neuland integrates ethical practices and digital intelligence into its supply chain operations to promote environmental stewardship. This offers equal opportunities for all stakeholders. The Company ensures adequate access to procurement opportunities by leveraging its innovative capex procurement engine, with 30% sourced from Micro, Small and Medium Enterprises (MSMEs).

To keep the supply chain updated with evolving market trends and ensure uninterrupted operations, the supply chain is anchored by five core principles. The Company continuously optimises supply chains aided by streamlined processes and strategic partnerships. This also enables it to reduce lead times and improve efficiency to meet the evolving needs of customers and communities.

To evaluate supply chain performance and identify areas for improvements, the Company has established key performance metrics. This ensures the Company maintains a culture of continuous improvement to optimise the supply chain processes and performance.

Various advanced technology like SCM software, predictive analytics and IoT devices have been utilised to improve transportation routes, modes and schedules to reduce lead times and costs. This streamlines processes and also enhances overall visibility across the supply chain.

QUALITY CONTROL AND QUALITY ASSURANCE

The Company has in place an extensive quality management framework which complies with the various international regulations. Neuland constantly strives to be prepared for and promptly implement any new policies and regulations ahead of time. Such measures reflect the Company's unwavering focus on quality control and assurance enabling it to provide customers with superior quality goods and services.

Strong quality control and quality assurance are followed throughout manufacturing process with a view to strict compliance with regulatory standards. Quality assurance ensures highest quality standards are strictly implemented from the procurement of raw materials to the distribution of finished products. It incorporates the implementation of comprehensive quality management systems, risk assessment practices and adherence to Good Manufacturing Practices (GMP). Quality control enables the testing and evaluation of intermediates, final products and raw materials, to ensure established standards and legal

requirements are complied with. Quality control validates the consistency and integrity of products through analytical testing, method validation and batch release testing.

QC (Quality control) lab is facilitated with Wet Chemistry, Instrumentation, and Microbiology sections. The QC labs are equipped with sophisticated instruments like HPLC, GC, UV, FTIR, Particle size analyser, LC-MS, ICP-MS XRD etc. QC labs work round the clock with adequate analysts to support the manufacturing operations real time. Stability studies are conducted inline with ICH guidelines.

Certifications received during FY 2024-25

- GMP certification by DCA
- WHO GMP certification by CDSCO
- EU written confirmation by CDSCO
- ISO 9001:2015 surveillance audit certification
- ISO 14001:2015 certification
- ISO 45001:2018 certification

Quality Control	EHS
Quality Control can be facilitated with Wet Chemistry, Instrumentation and Microbiology Laboratories.	Hazard and EHS Impact studies are regularly conducted.
The Company is equipped with sophisticated instruments like HPLCs, GCs, FTIR, UV and Particle Size Analyzer.	24X7 occupational health centre with ambulance facility has been provided.
About 50+ chemists perform activities round the clock in 3 shift operations.	The effluent treatment plant equipped with an RO system and Zero Liquid Discharge systems for wastewater has been successfully implemented and is operating continuously and effectively across all three manufacturing sites. The treated wastewater is fully recycled for utilities makeup.
Stability studies have been conducted as per ICH guidelines.	VOC (Volatile organic compound) monitoring has been in place through an Online Environmental Monitoring System, which is connected to the servers of both state and central pollution control boards across all manufacturing sites. This system ensures effective control of environmental parameters.

Key highlights of FY 2024-25

- Implemented three-layered quality reviews, monthly at site level, monthly at corporate quality level & quarterly at management level
- Implemented the review of quality metrics (USFDA) as part of quality review meetings
- Rolled out new modules on LIMS (Finished product testing, stability studies, in-process & cleaning samples testing, reference & working standards management, label management, analyst qualification, lab chemicals management)
- Initiated the roll-out of SAP S/4 HANA to enhance the operational efficiency at business level, strengthen data integrity and real-time monitoring, leading to better process control and compliance adherence
- Monthly review of product quality & right first time, compliance rates, audit performance, QMS performance & documentation quality were conducted
- Implemented QbD tool for achieving enhanced product quality by applying risk management (FMEA & DoE)
- Established a robust investigation process and ensured its robustness on a continued basis. A check-list based review & scoring of investigation reports was conducted to achieve a score of >80%
- Pro-active assessment of guidelines, pharmacopeia & USFDA 483 observations for compliance and implementation of actions through procedural changes and training
- Ensure cross deployment of CAPA for improving process efficiency, ensuring regulatory compliance, and enhancing product quality
- Initiated regular interactions with shopfloor teams, leadership engagement, and cross-functional discussions to ensure that quality remains a shared responsibility and instrumental in fostering a mindset of ownership, accountability, and continuous improvement at all manufacturing locations
- Initiated the review of SOPs for improvement across all departments and sites
- Conducted exhaustive and repeated training sessions to shopfloor personnel on cGMP & ALCOA principles
- Monthly meetings with R&D and SCM have been initiated to have a structured approach for ensuring collaboration, alignment in quality objectives and a unified strategy for risk mitigation

Priorities

The Company attaches utmost importance to monitoring and adhering to applicable regulations and standards in the pharmaceutical sector. With a view to ensure alignment with evolving requirements, internal processes and procedures are consistently updated. To ensure strict compliance the internal audits and inspections are regularly conducted and prompt corrective measures are undertaken for any observed deviations.

With a strong commitment to excellence, Neuland strives to empower employees the knowledge and skills necessary to uphold regulatory standards and conducts various training programmes for employees in this regard. Neuland remains committed to offering superior quality products led by a strong culture of compliance and continuous improvement.

Every customer complaint is meticulously investigated through a structured complaint handling process. To effectively address any underlying issues and prevent recurrence, prompt corrective actions are implemented.

INFORMATION TECHNOLOGY

Neuland has a robust IT system which enables to ensure system resilience, uninterrupted workflow, enhanced connectivity, strong data security measures and smooth cross-functional coordination.

IT Infrastructure and Enterprise Application

Various enterprise applications enable Neuland to update operations and improve efficiency. To ensure seamless cross-functional information transfer, the Company has implemented SAP ERP which incorporates the key business functions of the organisation. All HRMS processes are effectively managed by SAP Success Factors. For efficient and secure access control, Neuland has installed face recognition technology. For online compliance in commercial despatches, Quick Response (QR) codes have been implemented.

Different sales and operational planning tools, enable to optimise inventory management and forecasting. CRM

tools aid in lead management and marketing campaigns. For quality and manufacturing compliance, LIMS and QAMS systems are in place. Neuland has an in-house web-based intranet application, Base camp, enabling employee self-service with role-based access control. The Company also provides mobile device and application management with single sign-in through Office's 365 suite along with Enterprise Mobility Suite (EMS) on the cloud.

Hybrid working with all security measures is possible through Virtual Desktop Infrastructure (VDI) across 90% of the organisation. To ensure data centre security, the Company has in place Virtualised server stacks with high availability. SDWAN connectivity ensures secure network access between locations, supported by a comprehensive Data Leak Prevention (DLP) solution at all layers. Neuland also has strong Business Continuity Plan (BCP) and Disaster Recovery (DR) solution.

Data security

Data security and confidentiality are of prime importance at Neuland given its nature of operations, especially in relationships with creative partners. Ransomware, unauthorised access, and human error are effectively managed by an array of precautions undertaken. These include regular Vulnerability Assessments and Penetration Testing (VAPT) to strengthen IT infrastructure, and Security Information and Event Management (SIEM) for early attack detection.

To assure compliance with international security guidelines, Neuland has recertified its ISMS to ISO 27001:2013 standards. Security awareness is enhanced through ISMS standard orientation and refresher training programmes for employees. All stakeholders, including customers, workers, suppliers, and consultants have to sign Confidentiality Disclosure agreements. This enables Neuland to ensure data confidentiality across the organisation.

ENVIRONMENT, HEALTH AND SAFETY (EHS)

Corporate responsibility is at the heart of the Company's work ethics with special focus on Environment, Health and Safety (EHS). The Company's senior management is committed to pursuing excellence in EHS practices, working towards preservation of environmental, prevention of occupational illnesses and minimising work-related injuries. Neuland has a robust EHS management system that focusses on resource conservation, pollution prevention, and safeguarding worker health. To emphasise the importance of individual wellbeing and environmental conservation across business operations, Neuland has adopted a 'Safety First' approach. These EHS efforts have been recognised with a global ESG (Environmental, Social, and Governance) score of 70 out of 100 from S&P Global rating, highlighting its commitment to these critical areas.

Energy management and GHG emissions

The Company aims to achieve a 58% reduction in greenhouse gas emissions by FY 2033-34 compared to the baseline year, FY 2023-24. For this, it is implementing energy efficiency measures, transitioning to renewable energy sources, and optimising manufacturing processes.

- The Company is investing in energy-efficient equipment and technologies to reduce energy consumption. It is also streamlining manufacturing processes to enhance efficiency and reduce emissions
- Neuland is investing in renewable energy projects such as solar and wind farms to offset their carbon emissions by generating clean energy. Installing solar panels and wind turbines to generate clean energy and reduce reliance on fossil fuels
- The Company is also focussing on improving energy efficiency across their operations to reduce overall carbon footprint

WATER MANAGEMENT

The Company has a target to reduce water consumption by 10% through recycling and efficient water management practices. Thus, it is investing in advanced water recycling technologies and promoting water conservation initiatives across all facilities.

- Neuland has upgraded their water recycling systems to include advanced filtration and purification technologies, allowing for higher rates of water reuse within their manufacturing processes
- By adopting green chemistry principles, Neuland has optimised their processes to reduce water usage and minimise waste generation
- Continuous process improvements and the use of efficient equipment have further enhanced water conservation efforts
- During the year, a waterbody rejuvenation project was initiated by the Company that aims at balancing ~50% of FY 2024-25's water consumption, in pursuit of our near-term and long-term water neutrality goals

WASTE MANAGEMENT

The Company has set forth a target to achieve a 75% reduction in hazardous waste generation and a 50% reduction in non-hazardous waste. For this, it is adopting green chemistry principles, enhancing waste segregation and recycling programmes, and implementing waste-to-energy projects.

- Enhancing manufacturing processes to minimise waste generation. Lean Manufacturing: Implementing lean manufacturing principles to reduce waste at every stage of production
- Installing advanced scrubbers and filters to capture and reduce harmful emissions from manufacturing processes
- Ensuring regular maintenance of emission control systems to maintain their efficiency and effectiveness
- Using safer, non-toxic chemicals in manufacturing processes to reduce the release of hazardous substances
- Implementing green chemistry principles to minimise waste generation and improve overall environmental performance
- Effluent management
- Neuland has adopted Zero Liquid Discharge (ZLD) technology across all their manufacturing units. This system ensures that no liquid waste is discharged into the environment. Approximately, 90% of water is recovered from wastewater for industrial reuse, significantly reducing freshwater consumption
- Neuland has implemented advanced effluent treatment processes to recycle and reuse water within their operations. This technology is used to treat the remaining 10% wastewater, converting it into solid waste which is then safely disposed of through methods like Multiple-Effect Evaporation
- Neuland Laboratories is integrating various carbon offset projects to support its Net Zero journey
- Neuland is investing in afforestation and reforestation projects to sequester carbon dioxide by planting trees on non-forested land and restoring degraded forests
- Neuland is exploring and potentially investing in carbon capture and storage (CCS) technologies to capture carbon dioxide emissions from their operations and store them underground
- Neuland is actively involved in R&D to develop and implement innovative carbon capture solutions that can be integrated into their manufacturing processes

By setting clear interim targets and implementing robust tracking and reporting mechanisms, Neuland aims to make significant strides towards their sustainability goals by 2035.

RISK MANAGEMENT

At Neuland, risk management is considered an essential pillar of business growth. The risk management framework enables the Company to protect public health, ensure adherence to laws and statutes, and safeguard the Company's reputation and financial health. The Company is exposed to various risks given the complex and uncertain nature of business operations involving drug development, production and distribution process. The extensive risk management strategies and frameworks enable to identify, evaluate and address these risks and minimise the impact on business. The risk management strategies enable Neuland to offer superior quality products. In addition, these help to maintain stakeholder's faith in business operations. A more comprehensive coverage of Risk Management is covered on pages 45-48 of this report.

Risk	Definition	Mitigation Strategies
Supply chain risk	Various factors like transportation issues, geopolitical events or supplier problems can cause disruptions in the timely delivery of raw materials, components or finished products. Such events which may cause production delays and/or shortages of essential drugs may impact business profitability.	The Company constantly strives to reduce dependency on any single source and expand its supply chains. Neuland thoroughly researches domestic and global market trends to foresee market volatility in input prices.
Non-compliance risk	Being in the pharmaceutical sector, the Company has to adhere to various laws, regulations and guidelines set by pharmaceutical regulatory authorities such as the FDA in the United States or the EMA in Europe. Non-compliance may attract legal penalties, product recalls and harm brand equity.	The company's Regulatory & Quality teams regularly monitor the changing regulatory and legal landscape to ensure that the company is in compliance. The operational teams undergo regular training sessions with assessments which are mandatory. Further, the company has internal audit mechanism in place and conducts periodic mock audits by external parties to ensure compliance with applicable laws and regulations.
Market risk	Various market factors may impact business operations including demand fluctuations, pricing pressures, forex volatility, and heightened competitive pressure.	The Company strives to closely monitor varying market dynamics and devices strategies to modify operations to suit the market changes to minimise impact on business operations, brand equity and profitability.
IP risk	The Company's intellectual property rights, such as patents, trademarks and trade secrets, face risk of patent infringement lawsuits, heightened competition, or counterfeit products. These may lead to loss of market exclusivity resulting in impact on revenue, margins and brand equity.	The Company monitors closely intellectual property rights for any risks arising due potential infringements and challenges to patents. To sustain its competitive advantage, Neuland focusses on research and development to create innovative and improved products and processes.

INTERNAL CONTROL AND AUDIT

The Company's robust internal control systems are in keeping with the size and nature of operations and industry. All applicable rules and regulations are strictly complied to, which helps in safeguarding assets from unauthorised use, averting frauds and errors, securing sensitive data, aiding the audit process, maintaining proper accounting controls, monitoring operations, executing authorised transactions, and ensuring compliance with corporate policies. This aids in improving overall efficiency of productivity at all levels. There are limits defined for various processes, according to which the empowered authority approves contracts and expenditure.

The systems define processes for annual and long-term business plans along with periodic review. The management assessed the effectiveness of the internal control over financial reporting (as defined in Regulation 17 of SEBI Listing Regulations, 2015) as of March 31, 2025. Post evaluation of internal financial controls (as defined in Section 177 of Companies Act, 2013 and Regulation 18 of SEBI Listing Regulations, 2015) as on March 31, 2025, the Audit Committee approved the systems were adequate and operating effectively.

M S K A & Associates, the statutory auditors of the Company, have audited the financial statements included in this annual report. They have issued an attestation report on the internal control over financial reporting (as defined in Section 143 of Companies Act 2013).

Ernst & Young LLP, the internal auditors, monitor and conduct the internal audit of the Company's activities. Annually, the Audit committee in consultation with the Auditors define and approve the Audit plan along with the audit process. The internal audit reviews the internal controls framework and risks for the Company's operations such as manufacturing, R&D, supply chain management, accounting and finance, IT processes, EHS following international standards.

Specialised third-party consultants and professionals audit and review business-specific compliances such as quality management, production management, and information security, at periodic intervals. The audit reports submitted by internal auditors and statutory auditors, and the reports from the management are thoroughly reviewed by the Audit Committee.

The Audit Committee is also responsible to recommend improvements and corrective actions as deemed necessary. The adequacy of internal control systems is discussed and reviewed by the Audit Committee and the statutory auditors. The Board of Directors is apprised with the important findings from this meeting, periodically. As on March 31, 2025, the Audit Committee approved the adequacy and effectiveness of the Company's internal financial controls, based on its evaluation (as defined in Section 177 of Companies Act, 2013 and Regulation18 of SEBI Listing Regulations, 2015).

ADDITIONAL INFORMATION

This MDA (Management Discussion & Analysis) should be read in conjunction with the materials captured earlier in the report which cover the topics in comprehensive detail.

CAUTIONARY STATEMENT

This document contains forward-looking statements regarding expected future events, and financial and operating results of Neuland Laboratories Limited. As these statements rely on assumptions, they are inherently subject to risks and uncertainties. There is a significant risk that these assumptions and predictions may not prove to be accurate. Readers are cautioned against placing undue reliance on forward-looking statements, as various factors could cause actual future results and events to differ materially from those expressed in these statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications, and risk factors outlined in the Management's Discussion and Analysis of Neuland Laboratories' Limited Annual Report for FY 2024-25.

Directors' Report

The Board of Directors are pleased to present the Company's Forty First Annual Report (second Integrated Annual Report) and the Company's audited financial statements (standalone and consolidated) for the financial year ended March 31, 2025.

FINANCIAL PERFORMANCE

The Company's financial performance (standalone) for the year ended March 31, 2025, is summarised below:

(₹ in lakhs)

Particulars	2024-25	2023-24
Total Income	1,49,734.59	1,57,112.48
Profit before Finance Costs, Depreciation, Amortisation and Tax	34,280.75	47,446.55
Finance costs	829.59	1,399.72
Profit before Depreciation, Amortisation and Tax	33,451.16	46,046.83
Less: Depreciation & Amortisation	6,554.19	5,969.91
Profit before exceptional items and tax	26,896.97	40,076.92
Exceptional items	7,640.36	-
Profit before tax	34,537.33	40,076.92
Less: Current tax	7365.30	9,958.57
Deferred tax	1229.49	158.73
Profit after Tax	25,942.54	29,959.62
Add: Other comprehensive income	(21.19)	140.79
Total comprehensive income for the year	25,921.35	30,100.41

For the financial year ended March 31, 2025, a Total Income of ₹ 1,49,734.59 lakhs as against ₹ 1,57,112.48 lakhs in the previous year.

For the year ended on March 31, 2025, the Company has reported Earnings Before Interest, Finance Cost, Depreciation and Amortisation and Tax (EBIDTA) of ₹ 34,280.75 lakhs as against the EBIDTA of ₹ 47,446.55 lakhs during the previous year.

The Net Profit of the Company for the year 2024-25 was ₹ 25,942.54 lakhs compared to ₹ 29,959.62 lakhs during the previous year.

BUSINESS REVIEW

During the year under review, your Company consolidated its position as a leading CDMO for innovators even as the generic business continues to grow. While we saw a decline in revenues based on the lifecycle of the products, the Company has good visibility of growth over the short to medium term. The Company continues to attract customers on the basis of its strong quality track-record, customer-centricity and agility. The focus for the GDS business continues to be in products where the Company's presence makes a significant difference to customers. The filing of the first Peptide DMF is a significant milestone and in line with the Company's plans in this growing area. The Company is continuing to improvise both its business development approach even as it strengthens in line with the growing opportunities. The Company continued to focus on developing deeper connections with customers and listening through formal customer feedback surveys.

The Company's commitment to strong governance, sustainability and the environment continues to be reinforced through the work on Enterprise Risk Management and Environmental, Social and Governance overseen by the Risk and Sustainability Committee of the Board. The Company improved its scores as it was rated by external agencies on Sustainability. As in previous years, the Company is building capabilities in line with the strategic priorities and anticipated business needs. Along with technical & infrastructural needs, the capability building is increasingly focussed on people and building a pipeline of talent for the long-term. The Company is also getting better focussed in terms of its internal communication so as to build a strong organisation aligned on the vision and values.

DIVIDEND

Your directors are pleased to recommend a final dividend of ₹ 12/- (120%) per equity share on face value of ₹ 10/- each of the Company, for the financial year ended March 31, 2025. The final dividend, if approved at the 41st Annual General Meeting, will be paid to members within the period stipulated by the Companies Act, 2013 ('the Act'), as amended from time to time. The outflow on account of final dividend is estimated to be ₹ 1,539.59 lakhs.

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), the dividend distribution policy, is available on the Company's website at - https://www.neulandlabs.com/sites/neulandlabs/files/neuland-labs/Investors/corporate-governance/policies-and-documents/dividend-distribution-policy.pdf

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, 2025 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

The Company is committed to securing long-term growth and sustainability by ensuring visibility on customer order flow for the short term and implementing processes for short-term execution. Effective project management will be crucial for delivering projects and new products, as well as for keeping cost improvement programs and other strategic initiatives on track. While maintaining a strong focus on quality, the Company aims to deepen existing relationships and attract new customers. By taking actions across the entire value chain, the Company strives to deliver value to all stakeholders and establish itself as a leading API partner enabling a healthier world.

CONSOLIDATED FINANCIAL STATEMENTS

The Audited Consolidated Financial Statements of your Company as on March 31, 2025, which forms part of the Integrated Annual Report, have been prepared pursuant to the provisions of SEBI Listing Regulations 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, https://www.neulandlabs.com/en. 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 Act 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 SEBI LISTING REGULATIONS

As per the Act and SEBI Listing Regulations, as amended from time to time, Corporate Governance Report and Management Discussion and Analysis report are attached and forms part of this report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointments

During the year, the members of the Company at the Annual General Meeting (AGM) held on July 31, 2024, approved the re-appointments of Dr. Davuluri Rama Mohan Rao and Mr. Davuluri Sucheth Rao, as a Director liable to retire by rotation respectively.

Retirement and Resignations

Dr. Nirmala Murthy (DIN: 00734866) has retired as an Independent Director of the Company with effect from close of business hours on May 7, 2025, after completion of her second term of directorship.

The Board placed on record its sense of deep appreciation for the services rendered by Dr. Murthy to the Company.

Re-appointment of Directors

The Board of Directors on the recommendation of the Nomination and Remuneration Committee, have approved the following, subject to approval of the members sought in the Notice of the 41st AGM:

- Re-appointment of Mr. Davuluri Saharsh Rao as Whole Time Director designated as Vice-Chairman &

Managing Director of the Company and remuneration thereof, effective June 1, 2025.

Retirement by Rotation

Pursuant to the provisions of Section 152(6) (d) of the Act read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Articles of Association of the Company, Mr. Davuluri Saharsh Rao (DIN: 02753145) and Dr. Christopher M. Cimarusti (DIN: 02872948) will retire by rotation at the ensuing AGM and being eligible has offered themselves for re-appointment. The Board recommends their re-appointment in the ensuing AGM of the Company.

Changes in Key Managerial Personnel (KMP)

During the year under review, there were no changes in the KMP of the Company. As on the date of this report, the Company has the following KMP as per Sections 2(51) and 203 of the Act:

Sl. No.	Name of KMP	Designation
1	Dr.Davuluri Rama Mohan Rao	Executive Chairman
2	Mr. Davuluri Sucheth Rao	Vice Chairman & Chief Executive Officer
3	Mr. Davuluri Saharsh Rao	Vice Chairman & Managing Director
4	Mr. Abhijit Majumdar	Chief Financial Officer
5	Ms. Sarada Bhamidipati	Company Secretary & Compliance Officer

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 2025-26 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, 2025, 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, 2025 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, six 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 Act, and SEBI Listing Regulations, as amended from time to time.

COMPOSITION OF VARIOUS COMMITTEES

Details of various committees constituted by the Board as per the provisions of the Act and SEBI Listing Regulations 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 Act and SEBI Listing Regulations 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 February 11, 2025, 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 Act and SEBI Listing Regulations, 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 the provisions of Section 164(2) of the Act. Your directors have made necessary disclosures to this effect as required under the Act.

AUDIT COMMITTEE

During the year under review, four Audit Committee Meetings were convened and held. The details of the committee meeting 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

The Nomination and Remuneration Policy of the Company includes Board Diversity as part of the policy and is available on the website of the Company at https://www.neulandlabs.com/sites/neulandlabs/files/neuland-labs/Investors/corporate-governance/policies-and-documents/NominationandRemuerationPolicy22042025.pdf. The policy covers selection and appointment of Directors, Key Managerial Personnel, Senior Management and their remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under section 178(3) of the Act and SEBI Listing Regulations.

CORPORATE SOCIAL RESPONSIBILITY

The Company has in place a Corporate Social Responsibility Policy which is available on the website of the Company at https://www.neulandlabs.com/sites/neulandlabs/files/neuland-labs/Investors/corporate-governance/policies-and-documents/corporate-social-responsibility-csr-policy.pdf. The CSR expenditure of the Company for FY 2024-25 as per Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules 2014, as amended from time to time, was ₹ 491.52 lakhs. After setting-off ₹ 11.68 lakhs from the excess CSR expenditure spend for FY 2023-24 the Company's total CSR obligation for FY 2024-25 was ₹ 479.84 lakhs.

The Company has spent an amount of ₹ 426.85 lakhs towards CSR projects and administrative overheads for FY 2024-25. In addition, an amount of ₹ 98.19 lakhs was transferred to Unspent account, in April 2025 towards identified and ongoing CSR projects for FY 2024 - 25 due for completion in FY 2025 - 26.

The total CSR expenditure for FY 2024 - 25 was ₹ 525.04 lakhs which includes CSR projects spend, administrative expenditure and amount transferred to Unspent CSR account, which is in excess of Rs 33.52 lakhs over the total CSR obligation for FY 2024-25.

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 Act, has been appended as Annexure-1 and forms an integral part of this Report.

INTEGRATED REPORT

The Company continues with its integrated reporting journey in the current financial year. This is the second year of publication of the Integrated Annual Report of the Company in line with the Integrated Reporting Framework, now part of the IFRS Foundation.

The Global Reporting Initiative reported in this Integrated Annual Report have been subject to Reasonable Assurance. The Assurance Report issued by TUV India Private Ltd has been annexed to this Integrated Annual Report.

The Integrated Annual Report consists of both financial and non-financial information to demonstrate how various 'capitals' are utilised to create value, thereby enabling stakeholders to make informed decisions and gain a comprehensive understanding of the Company's long-term perspective and value creation for all stakeholders.

This year's Integrated Annual Report is structured around Environmental, Social, and Governance ("ESG") commitments and their integration into the Company's business strategy. The Company's commitment to sustainable operations, supported by empowered people and governance, underpins the seamless growth and development of the Company's business.

The Board acknowledges its responsibility for the integrity of the report and the information contained therein.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

In accordance with Regulation 34(2)(f) of the SEBI Listing Regulations, the Business Responsibility and Sustainability Report (BRSR), is forming part of this report as Annexure-2.

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 by the Vice Chairman & Chief Executive Officer, forms part of this Report.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

Your Company has a Vigil Mechanism/Whistle Blower Policy which serves as a mechanism for its directors, employees and stakeholders to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Code of Conduct without fear of reprisal. Audit Committee of the Company oversees the implementation of the Whistle Blower Policy. During the year, Company has not received any protected disclosure. The Whistle Blower Policy is available on the website of the Company, at https://www.neulandlabs.com/en/investors/corporate-governance/policies-and-documents. A brief note on the Whistle Blower Policy is also provided in the Report on Corporate Governance, which forms part of this Report.

PROHIBITION OF INSIDER TRADING

Pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, 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 designated persons are not permitted to trade in the securities of the Company, are intimated in advance to all concerned.

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. During the year under review and as on the date of this report, the Company had received 3 sexual harassment complaints. The Complaints were taken through the due process with necessary actions executed for a satisfactory closure.

EMPLOYEE STOCK OPTION SCHEME

As on March 31, 2025, there are 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

M/s. M S K A & Associates (Firm Registration No: 105047W), Chartered Accountants, were re-appointed as the Statutory Auditor of the Company at the 40th AGM of the Company held on July 31, 2024, to hold the office till the conclusion of the 45th AGM to be held in the year 2029.

AUDITORS' REPORT

There are no qualifications, reservations or adverse remarks made by M/s. M S K A & Associates, Statutory Auditors, in their report for the financial year ended March 31, 2025.

Pursuant to provisions of Section 143(12) of the Act, 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 Act 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, 2025, 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.

Further, in terms of the SEBI (Listing Obligations & Disclosure Requirements) (Third Amendment) Regulation, 2024, the Board has recommended appointment of M/s. P.S. Rao & Associates as the Secretarial Auditors of the Company for a term of five consecutive financial years commencing from April 1, 2025 till March 31, 2030. The appointment will be subject to shareholder's approval at the ensuing AGM. M/s. P.S. Rao & Associates have consented to the said appointment and confirmed that they are not disqualified to be appointed as Secretarial Auditors of the Company in terms of Regulation 24(A) of SEBI Listing Regulations.

COST AUDITORS

Pursuant to Section 148 of the Act 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 2025-26.

REPORTING OF FRAUD

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

INSURANCE

Your Company has taken necessary steps to mitigate risks and obtained appropriate insurances and the Board is kept appraised of the risk assessment and minimisation 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 Act 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 Act, the Annual Return as on March 31, 2025 in form MGT-7 is available on the website of the Company at 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 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 with the related parties during the financial year were in the ordinary course of business and at an arm's length basis.

During the year, the Company has not entered into any contract or arrangement 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 at https://www.neulandlabs.com/en/investors/corporate-governance/policies-and-documents.

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. 38 to the standalone financial statement which sets out related party disclosures pursuant to Ind AS.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year the Company has not given any loans and guarantees under Section 186 of the Act and the investments made by the Company are in compliance with the provisions of Section 186 of the Act.

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 and material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

TRANSFER TO RESERVES

No amount was proposed to be transferred to the general reserve during the financial year 2024-25.

RISK MANAGEMENT

The Risk & Sustainability Committee of 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 Company has in place Risk Management Policy which outlines risk management process and framework for identification and management of risks. The framework is designed to enable risks to be identified, assessed and mitigated appropriately. There are no risks which in the opinion of the Board threaten the existence of the Company. 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 Act 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 & 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.

BOARD RESPONSIBILITY STATEMENT

The data and disclosures in the Report are reviewed internally by the management to ensure completeness and relevance. The Board believes that this Report is a fair representation of the Company's financial, non-financial, sustainability and operational performance and addresses all material topics relevant to the Company for FY 2025. The Board notes that the contents of this Report have been prepared by the respective functions and businesses under the guidance of the senior management.

OTHER DISCLOSURES

During the year under review:

a. No credit rating has been obtained by the Company with respect to its securities. Further, the details of the credit rating obtained by the Company with respect to its long-term and short-term borrowings have been provided in the Corporate Governance Report, which forms part of this report.

b. No application has been made under the Insolvency and Bankruptcy Code, 2016 (IBC). Further, there are no proceedings admitted against the Company under IBC.

c. During the year, there was no one-time settlement done with the Banks or Financial Institutions.

d. Disclosures not included in the Board's Report are provided in the Corporate Governance Report section of this report.

ACKNOWLEDGEMENT

Your Board of Directors take this opportunity to thank all its stakeholders, including banks, financial institutions, business partners, government and other statutory bodies, regulatory authorities, analysts and members for their continued support and valuable cooperation. 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 15, 2025

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 at https://www.neulandlabs.com/en/investors/corporate-governance/policies-and-documents.

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	Dr. Nirmala Murthy[1]	Non-Executive Independent Director, Chairperson of Committee	2	2
2	Dr. Davuluri Rama Mohan Rao	Executive Chairman, member of Committee	2	2
3	Mr. Prasad Raghava Menon[2]	Non-Executive Independent Director, member of Committee	2	2
4	Mr. Davuluri Sucheth Rao	Vice Chairman & Chief Executive Officer, member of Committee	2	2
5	Mr. Davuluri Saharsh Rao	Vice Chairman & Managing Director, member Committee	2	2
6	Ms. Pallavi Joshi Bakhru[3]	Non-Executive Independent Director, member of Committee	-	-

[1] Ceased to be a member upon completion of second term as an independent director on May 7, 2025

[2] Appointed as Chairperson of the Committee with effect from May 8, 2025

[3] Appointed as member of the Committee with effect from April 1, 2025

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: The web-links are as follows:

- **Composition of CSR Committee:**
  https://www.neulandlabs.com/en/investors/corporate-governance/committees-board
- **CSR Policy:**
  https://www.neulandlabs.com/en/investors/corporate-governance/policies-and-documents
- **CSR Projects:**
  https://www.neulandlabs.com/sites/neulandlabs/files/neuland-labs/sustainability/supporting-community/csr-annual-action-plan-fy-25.pdf

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: **Not Applicable**

5.

(₹ in lakhs)

Sl. No.	Particulars	Amount
a	Average net profit of the Company as per sub-section (5) of section 135 of the Act	24,575.81
b	Two percent of average net profit of the company as per section 135(5)	491.52
c	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	0.00
d	Amount required to be set off for the financial year, if any	11.68
E	Total CSR obligation for the financial year (5b+5c-5d)	479.84

6.

(₹ in lakhs)

Sl. No.	Particulars	Amount
a.	Amount spent on CSR Projects - Including actual spent (₹ 423.76 lakhs) and amount transferred to unspent CSR account for ongoing projects (₹ 98.19 lakhs) (both Ongoing Project and other than Ongoing Project):	521.95*
b.	Amount spent in Administrative Overheads	3.09
c.	Amount spent on Impact Assessment, if applicable	0.00
d.	Total amount spent for the Financial Year [(a)+(b)+(c)]	525.04

** The amount spent on CSR activities for the financial year includes the set-off of the excess amount spent by the Company on CSR activities in the previous financial years of ₹ 11.68 lakhs*

Note: The total CSR spend for FY 2024-25 amounts to ₹ 525.04 lakhs which includes the amount transferred to unspent CSR account for the ongoing projects.

e. CSR amount spent or unspent for the Financial Year:

(₹ in lakhs)

Total Amount Spent for the Financial Year (in ₹ lakhs)	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per subsection (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
426.85*	98.19	24-04-2025		NIL	

** The amount spent on CSR activities for the financial year includes the set-off of the excess amount spent by the Company on CSR activities in the previous financial years of ₹ 11.68 lakhs*

f. Excess amount for set off, if any:

(₹ in lakhs)

S. No.	Particulars	Amount
i.	Two percent of average net profit of the company as per section 135(5)	491.52
ii.	Total amount spent (including amount to be spent towards ongoing projects) for the Financial Year	525.04*
iii.	Excess amount spent for the financial year [(ii)-(i)]	33.52
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)]	33.52

** Includes amount of ₹ 98.19 lakhs transferred to CSR Unspent account for FY 2024-25 towards ongoing projects.*

7. **Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:**

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 of the Act (in ₹)	Balance Amount in Unspent CSR Account under sub- section (6) of section 135 of the Act	Amount Spent in the Financial Year	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub- section (5) of section 135 of the Act, if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer		
Not Applicable								

8. **Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:** No

If Yes, enter the number of Capital assets created/ acquired: **Not Applicable**

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR Amount spent	Details of Company/ Authority/beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered Address
Not Applicable							

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

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

Mr. Davuluri Sucheth Rao
Vice Chairman &
Chief Executive Officer

Mr. Prasad Menon
Chairperson of Corporate
Social Responsibility Committee

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORTING

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BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY AND IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE

PRINCIPLE 2:
BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE

PRINCIPLE 3:
BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS

PRINCIPLE 4:
BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS

PRINCIPLE 5:
BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

PRINCIPLE 6:
BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT

PRINCIPLE 7:
BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT

PRINCIPLE 8:
BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

PRINCIPLE 9:
BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER

Section A

GENERAL DISCLOSURES

I. Details of the Entity

1.	**Corporate Identity Number (CIN) ofthe Company**	L85195TG1984PLC004393
2.	**Name of the Company**	Neuland Laboratories Limited
3.	**Year of Incorporation**	07/01/1984
4.	**Registered office address**	11th Floor (5th Level), Phoenix IVY Building, Plot No. 573A-III, Road No. 82, Jubilee Hills, Hyderabad, 500033, Telangana
5.	**Corporate office address**	11th Floor (5th Level), Phoenix IVY Building, Plot No. 573A-III, Road No. 82, Jubilee Hills, Hyderabad, 500033, Telangana
6.	**E-mail id**	ir@neulandlabs.com
7.	**Telephone**	+91 40 67611600 / 700
8.	**Website**	www.neulandlabs.com
9.	**Financial year for which reporting isbeing done**	April 1, 2024, to March 31, 2025
10.	**Name of the Stock Exchange(s)where shares are listed**	a. BSE Limited b. National Stock Exchange of India Limited
11.	**Paid-up capital**	₹ 12,82,98,890/-
12.	**Name and contact details of theperson who may be contacted incase of any queries on the BRSR report**	Ms. Sarada Bhamidipati Company Secretary & Compliance Officer Tel: +91 40-6761 1600 Email: saradab@neulandlabs.com
13.	**Reporting boundary**	Standalone basis
14.	**Name of assessment or assurance provider**	Not Applicable, as BRSR Core Assurance is not mandatory for the Company. However, TUV India Private Limited, a third party has conducted reasonable assurance on certain sustainability parameters reported in the integrated report of the Company
15.	**Type of assessment or assurance obtained**	Not Applicable, as BRSR Core Assurance is not mandatory for the Company. However, TUV India Private Limited, a third party has conducted reasonable assurance on certain sustainability parameters reported in the integrated report of the Company

II. Products/services

16. Details of business activities

	Description of main activity	Description of business activity	% of Turnover of the entity
1.	Manufacturing of Active Pharmaceutical Ingredients	Manufacturing of Active Pharmaceutical Ingredients	100%

17. Products/services sold by the entity

	Product/Service	NIC Code	% of total Turnover contributed
1.	Development, manufacturing & sale of Active Pharmaceutical Ingredients & Custom Manufacturing Solutions	21001	100%

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated.

Location	Number of plants*	Number of offices	Total
National	4*	1	5
International	0	2	2

*The R&D Unit of the company is included under Number of plants.

19. Markets served by the entity

a. Number of locations – This refers to locations where goods were transported to during the financial year, however the consumption of final product & even customer footprint is larger.

Locations	Number
National (No. of states)	11
International (No. of countries)	61

b. What is the contribution of exports as a percentage of the total turnover of the entity?

The company has a global presence with exports accounting for approximately 68% of its revenue.

c. A brief on types of customers

Neuland serves a diverse global clientele through its two primary business segments: Generic Drug Substances (GDS) and Custom Manufacturing Solutions (CMS).

Generic Drug Substances (GDS): This segment caters to a broad spectrum of customers, including large multinational generics companies, generic divisions of major pharmaceutical firms, regional and national-level players, R&D companies specialising in dossier development with niche focuses, and distributors. Neuland's GDS offerings are tailored to meet the needs of these varied clients by providing high-quality, regulatory-compliant Active Pharmaceutical Ingredients (APIs) across multiple therapeutic categories.

Custom Manufacturing Solutions (CMS): The CMS business primarily serves innovators seeking an API partner for development and manufacturing throughout the clinical lifecycle, regulatory filing, and commercial supply stages. This includes small biotech firms, medium-sized innovators, and major pharmaceutical companies. Neuland's CMS services encompass custom development and manufacturing of new chemical entity (NCE) APIs, offering end-to-end solutions from pre-IND through to commercial supply.

IV. Employees

20. Details as of March 31, 2025

a. Employees and workers (including differently abled)

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
	EMPLOYEES					
1.	Permanent (D)	1,699	1,495	88.09%	204	12.01%
2.	Other than permanent (E)	292	289	98.97%	3	1.03%
3.	**Total employees (D + E)**	**1,991**	**1,784**	**89.60%**	**207**	**10.40%**
	WORKERS					
1.	Permanent (F)	95	95	100%	0	0%
2.	Other than permanent (G)	1,218	1,143	93.84%	75	6.16%
3.	**Total workers (F + G)**	**1,313**	**1,238**	**94.29%**	**75**	**5.71%**

b. Differently abled employees

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
	DIFFERENTLY ABLED EMPLOYEES					
1.	Permanent (D)	1	1	100%	0	0%
2.	Other than permanent (E)	0	0	0%	0	0%
3.	Total differently abled employees (D + E)	1	1	100%	0	0%
	DIFFERENTLY ABLED WORKERS					
1.	Permanent (F)	0	0	0%	0	0%
2.	Other than permanent (G)	0	0	0%	0	0%
3.	Total differently abled workers (F + G)	0	0	0%	0	0%

21. Participation/inclusion/representation of women

	Total (A)	No. and percentage of females	
		No. (B)	% (B/A)
Board of Directors	9*	2*	22.23%
Key Management Personnel (other than BoD)	2	1	50.00%

* As on May 15, 2025 (date of the report), one woman director has retired upon completion of her appointment term.

22. Turnover rate for permanent employees and workers

	FY 2025 (%)			FY 2024 (%)			FY 2023 (%)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	15.69	25.26	16.81	18.41	18.45	18.42	23.60	27.80	24.00
Permanent Workers	0	0	0	0	0	0	0	0	0

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No	Name of theholding/subsidiary/ associate companies/joint ventures (A)	Indicate whether holding/ Subsidiary/Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibilityinitiatives of the listed entity? (Yes/No)
1	Neuland Laboratories Inc., USA	Subsidiary	100%	Yes
2	Neuland Laboratories K.K., Japan	Subsidiary	100%	Yes

VI. CSR Details

24. (i) **Whether CSR is applicable as per section 135 of Companies Act, 2013**
Yes

(ii) **₹ 1,47,684 lakhs**
Turnover

(iii) **₹ 1,51,692 lakhs**
Net worth

(iv) **₹ 525.04 lakhs**
Total CSR Expenditure for FY 2025

Note:

- Net worth excludes capital reserve and revaluation reserve of ₹ 87 lakhs.
- Includes transfer to Unspent CSR Account for FY 2025

VII. Transparency and Disclosures Compliances

25. Complaints/grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct (NGRBC)

The Company's key stakeholders include investors, customers, employees, value chain partners/ suppliers and community besides governments/regulatory authorities.

Stakeholder group from whom complaint is received	Grievance Redressal Mechanisms in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY 2025			FY 2024		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes We actively participate in the periodical meetings with the villagers and local communities in the presence of Village Sarpanch and other Government agencies to address community related grievances of all locations	0	0	-	0	0	-
Investors (other than shareholders)	https://www.neulandlabs.com/en/investors/investor-services/investor-contacts	0	0	-	0	0	-
Shareholders	https://www.neulandlabs.com/en/investors/investor-services/investor-contacts	3	3	-	2	0	-
Employees and workers	Yes. Grievance Redressal policy is available for both employees and workmen in our intranet portal. Notice board displays are available for workmen	133	0	-	214	0	-
Customers	Yes, the customers raise their grievances through various channels of communication such as e-mail, phone calls, in-person meetings, periodic customer surveys, etc.	0	0	-	0	0	-
Value Chain Partners	Yes, the grievance redressal mechanism for value chain partners is through a dedicated email ID for suppliers available at https://www.neulandlabs.com/sites/neulandlabs/files/neuland-labs/sustainability/sustainable-supply-chain/supplier-code-of-conduct.pdf	0	0	-	0	0	-

26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk, as per the following format:

Material topic identification was conducted through a survey with key stakeholders identified. Board members, Investors/Analysts, Employees, Customers, Bankers, and Suppliers have participated in the survey. The material topics are suitably incorporated in the Environment, Social and Governance (ESG) Strategy of the Company.

S. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Risk Management and Business Continuity	Risk & Opportunity	Our environment—both geopolitically and in terms of regulations—is complicated. Risk events like natural disasters, workplace accidents, wars, sanctions, continuous cyberattacks, and other similar events can have a substantial negative impact on our operations and commitment to meet patient demands in the absence of strong business continuity plans and safeguards. Additionally emerging risks have to be monitored by management and suitably prepared for.	The Company's Enterprise Risk management program helps in identifying and addressing risks impacting business operations. This includes external and internal risks, as well as specific emerging risk events and business continuity events. The company's BCMS journey is aligned to the ISO 22301 framework with the objective of getting accredited by December 2025.	Positive

S. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
2	Climate change	Risk	Climate change and related ESG actions needs to be taken adequately and in a timely manner by all participating organisations and nations, thereby leading to unforeseen risk events. Rise in sea levels in the medium term (5-7 years) may increase the severity of extreme weather events such as cyclones and floods in our logistics and supply chains. In the next 3-5 years, Climate risk-related investments will need to go up.	The Company has adopted the TCFD framework for Climate Change and associated sustainability risks. Presently potential physical and transition risks are identified, and responses are planned. Going forward it is proposed to capture relevant data to quantify impact on climate change on the company.	Negative
3	Community Wellbeing	Opportunity	Investing in community wellbeing initiatives can enhance the quality of life for local communities, foster goodwill, and build stronger relationships with stakeholders. By engaging in community development programs, supports local education and health initiatives, and collaborates with community leaders to address their needs.	The Company's ESG priorities actively considers community wellbeing and the Company's Social initiatives are focused on the wellbeing of the communities where the Company operates. The Company's CSR efforts are increasingly focused on sustainable initiatives, including sustainable agriculture and water rejuvenation.	Positive
4	Digitalisation	Risk and Opportunity	Digitalisation increases efficiency while increasing transparency. Enhanced digitisation brings with it risks from inadequate training as well as new cybersecurity vulnerabilities. The pharmaceutical and healthcare sectors are increasingly becoming vulnerable to cyber security attacks.	Neuland follows a strong governance framework based upon NIST and ISMS 27001 to assess and monitor cyber security risks and controls. The company's mitigation among others includes adequate user awareness, responsive and timely incident management, Data leakage prevention and monitoring of metrics. IT/DR simulation tests are carried out, and cyber security oversight and governance is embedded within the overall sustainability and risk governance structure	Positive and Negative
5	Effluent and waste	Risk	The Company has a commitment to ensure there is no negative impact on the environment. Minimising negative environmental impacts and ensuring the highest standards of Environmental Management	Neuland has been successfully running a Zero effluent discharge system for over 3 years now. Disposal of waste is reduced by implementing recycling and safe co-processing of hazardous waste.	Negative
6	Emissions	Risk	Minimising negative environmental impacts and ensuring the highest standards of Environmental Management Systems.	The Company is invested in several initiatives linked to minimising environmental emissions including seeking SBTi validation for its GHG emission reduction plan, and actively pursuing renewables.	Negative
7	Ethics and Compliance	Risk & Opportunity	Maintaining high ethical standards and compliance with laws and regulations is critical to avoiding legal penalties, financial losses, and damage to our reputation.	The Company has implemented comprehensive compliance programs, regular employee training on ethical conduct, and a zero-tolerance policy towards corruption and misconduct. A whistleblower program encourages reporting of unethical behaviour.	Negative
8	Human capital development	Risk and Opportunity	Skill upgradation of the employees has a direct positive impact on the growth of the business. On the other hand, the risks associated with employee non-engagement, inability to attract or retain talent and succession planning gaps can negatively impact the organisation.	Several initiatives are underway to make the company an employer of choice including well-designed HR policies healthy work environment, job rotation and other initiatives for retaining talent. Employee surveys are annually conducted to identify and act on areas of improvement,	Positive
9	Innovation and R&D	Opportunity	Innovation is key to synthesising novel products and helping our customers innovate. Sustainable R&D hastens innovation, while ensuring impact on the environment is minimised.	The Company is committed to applying Green Chemistry principles in R&D with the goal of reducing the proportion of solvents and replacing it with water-based chemistry. During the year 2 products were successfully validated, and more products will be picked up in the coming years. In, addition, a Life Cyle Analysis (LCA) of one of its molecules was concluded, and actions from these are being evaluated for implementation	Positive
10	Occupational Health and Safety	Risk	Occupational health and safety are core to the Company's commitment towards employee and workforce safety and wellbeing.	The Company continues 1. Adherence to ISO 45001 standards 2. Maintaining a record of Nil fatalities and LTIFR 3. Increasing training in health and safety measures The Company's units are accredited by the British Safety Council for excellence in Occupational Health and Safety	Negative
11	Sustainable Supply Chain	Risk	There is increasing need to focus on a resilient supply chain that prioritises ethical sourcing, environmental stewardship, and long-term partnerships, aligning with global standards and stakeholder expectations.	Our procurement policy has several levels of checks which assure the quality of the product, vendor and the risks associated. We constantly strive to procure sustainably. We are educating and actively partnering with our supply chains while pursuing our goals towards a sustainable supply chain.	Negative
12	Water	Risk	Water, particularly high-quality water, is critical to our operations; hence, we recognised the need to comprehend the predicted changes in water stress and water-related risks.	The Company created a water management strategy that focuses on lowering water intensity and increasing the percentage of recycled water in our operations. Additionally, our recently initiated CSR projects include water rejuvenation as a key focus aera.	Negative

Section B

MANAGEMENT AND PROCESS DISCLOSURES

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
POLICY AND MANAGEMENT PROCESS									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Yes, the statutory policies are approved by the Board or Board Committees, as applicable. Other applicable policies are either approved by the Board or by the appropriate authority.								
c. Web Link of the Policies, if available.	**P1:** • Code of Ethical Conduct: https://www.neulandlabs.com/sites/neulandlabs/files/neuland-labs/career/our-people/code-of-ethical-conduct.pdf • Code of Conduct for the Board Members and Senior Management Personnel: https://www.neulandlabs.com/sites/neulandlabs/files/neuland-labs/Investors/corporate-governance/policies-and-documents/Codeof%20ConductfortheBoardandSeniorManagement_10.02.2025.pdf • Neuland Code for Fair Disclosures: https://www.neulandlabs.com/sites/neulandlabs/files/neuland-labs/Investors/corporate-governance/policies-and-documents/neuland-code-of-fair-disclosures.pdf • Nomination and Remuneration Policy: https://www.neulandlabs.com/sites/neulandlabs/files/neuland-labs/Investors/corporate-governance/policies-and-documents/NominationandRemuerationPolicy22042025.pdf • Whistle Blower Policy: https://www.neulandlabs.com/sites/neulandlabs/files/neuland-labs/Investors/corporate-governance/policies-and-documents/whistle-blower-policy.pdf **P2:** • Environment, Health, Safety and Sustainability (EHS&S) Policy: https://www.neulandlabs.com/sites/neulandlabs/files/neuland-labs/sustainability/climate-and-environment/ehss-policy-english.pdf • Quality Policy – Available on intranet **P3:** • Environment, Health, Safety and Sustainability (EHS&S) Policy: https://www.neulandlabs.com/sites/neulandlabs/files/neuland-labs/sustainability/climate-and-environment/ehss-policy-english.pdf • Prevention of Sexual Harassment (PoSH) Policy - Available on intranet **P4:** • Supplier Code of Conduct: https://www.neulandlabs.com/sites/neulandlabs/files/neuland-labs/sustainability/sustainable-supply-chain/supplier-code-of-conduct.pdf • Corporate Social Responsibility (CSR) Policy: https://www.neulandlabs.com/sites/neulandlabs/files/neuland-labs/Investors/corporate-governance/policies-and-documents/corporate-social-responsibility-csr-policy.pdf **P5:** • Human Rights Commitment: https://www.neulandlabs.com/sites/neulandlabs/files/neuland-labs/career/our-people/human-rights.pdf **P6:** • Environment, Health, Safety and Sustainability (EHS&S) Policy: https://www.neulandlabs.com/sites/neulandlabs/files/neuland-labs/sustainability/climate-and-environment/ehss-policy-english.pdf **P7:** • Position on Policy Advocacy: https://www.neulandlabs.com/sites/neulandlabs/files/neuland-labs/sustainability/esg-supplementary-book/Neuland_Policy_Advocacy.pdf **P8:** • Corporate Social Responsibility (CSR) Policy: https://www.neulandlabs.com/sites/neulandlabs/files/neuland-labs/Investors/corporate-governance/policies-and-documents/corporate-social-responsibility-csr-policy.pdf P9: • Privacy Policy: https://www.neulandlabs.com/en/privacy-policy • Quality Policy - Available on intranet								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Each function maintains its own set of procedures, such as those for EHS (Environmental, Health, and Safety), Supplier Management, and Cybersecurity. Board policies, including those concerning CSR (Corporate Social Responsibility), Whistleblower protocols, and Human Rights, are directly overseen through policy monitoring, thus separate procedures are not deemed necessary for these areas.								
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes. The company has a Supplier Code of Conduct that encompasses business principles and ethics, guidance on employment practices and human rights, environmental health, and safety practices, as well as other business and legal compliance requirements.								
4. Name of the national and international codes/certifications/labels/standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	• ISO 9001, • ISO 14001:2015, • ISO 27001:2022, • ISO 45001:2018, • British Safety Council (BSC) Occupational Health and Safety and Wellbeing								
5. Specific commitments, goals targets and performance by the entity with defined timelines, if any.	In FY 2025, we strengthened our ESG commitment by introducing new Goals and KPIs within our priorities. These additions build on the foundation laid in FY 2024 and reflect our commitment to continuous improvement, enhanced performance tracking, and responsiveness to stakeholder expectations. At the same time, we continue to monitor and report progress against the KPIs established in FY 2024 to ensure consistency and accountability. Please refer to Company's specific ESG Commitments and Goals and its progress in ESG Strategy and Progress report in ESG Strategy section of our Integrated Report FY 2025.								
6. Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met.									
GOVERNANCE, LEADERSHIP AND OVERSIGHT									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements (listed entity has flexibility regarding the placement of this disclosure)	Our ESG journey is at the heart of our identity as a responsible corporate citizen and is fundamentally about integrating sustainability into our core thinking. We aim to embed this philosophy deeply across the organisation, from leadership to the very last person, promoting a collective responsibility for sustainable practices. We believe our ESG focus is a key driver for long-term value creation for all our stakeholders. As we move forward, we understand that there are challenges—both internal and external—that we must address. Our highly regulated industry limits our ability to make quick, large-scale changes. Also, we recognise the critical role that supportive government policies and incentives can play, particularly in areas like renewable energy transitions in making significant capital investments. This year, in line with our climate goals, we completed our CDP submissions and are actively working on our Science-Based Targets initiative (SBTi) to align with global climate standards. Additionally, we are intensifying our efforts in green chemistry, focused on replacing solvents with water-based solutions. We also completed the Life Cycle Assessment (LCA) of one of our products. We are adding more to our Green Chemistry and LCA goals in the coming year. Workplace safety continues to be a top priority, and we're committed to maintaining our strong safety performance record. All of our sites are certified by the British Safety Council for excellence in Occupational Health and Safety systems. On the societal side, we remain committed to improving healthcare, empowering women, and promoting rural development, education, and skill enhancement through our social impact projects. We are deeply committed to upholding high standards of corporate governance, transparency, accountability, and ethical conduct throughout our operations. During the year, we've made meaningful progress in both our S&P and EcoVadis ratings, in addition to baselining our CDP rating, and also enhanced certifications from British Safety Council, reflecting our ongoing commitment to sustainability and ESG best practices.								

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).	Mr. Davuluri Sucheth Rao (DIN: 00108880), Vice Chairman and CEO, under the guidance of the Board of Directors and its Committees is responsible for implementation and oversight of the Business Responsibility policies.								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.	Yes, the Risk and Sustainability (R&S) Committee, a sub-committee of the Board, serves as a focal point for providing guidance on sustainability and ESG. The Committee meets at regular intervals to deliberate, and contribute to the Company's ESG priorities, and strategy. Additionally, they review progress against the company's goals and targets and provide suggestions for improvement. The BRSR is presented to the R&S Committee and the Board for approval.								

10. Details of Review of NGRBCs by the Company

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee & Frequency								
	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	The policies of the Company are reviewed periodically / on a need basis by department heads / director / board committees / board members, wherever applicable.								
Compliance with statutory requirements of relevance to the principles and rectification of any non-compliances	The Company is in compliance with the extant regulations, as applicable.								
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency	Our company's policies undergo assessment by its internal auditors, within the scope defined for the audit. Additionally, the effectiveness of each policy is overseen by department heads, directors, board committees, and board members as appropriate to their respective roles and responsibilities. We have obtained independent third-party assurance for our sustainability performance. For the reporting year, the authenticity of the data and systems disclosed in our sustainability disclosures has been assured by an independent third-party assurance provider. This assurance was provided according to the International Standard for Assurance Engagements (ISAE) 3000 (Revised) at the 'Reasonable Assurance' level. Additionally, relevant third-party assessments and certifications are periodically conducted across our business units.								

12. If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P 2	P 3	P4	P 5	P 6	P 7	P 8	P9
The entity does not consider the principles material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available forthe task (Yes/No)					Not Applicable				
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

Section C

PRINCIPLE-WISE PERFORMANCE DISCLOSURE

Principle 1 BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY AND IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE

Essential indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year

Segment	Total number of training and awareness programmes held	Topics/ principles covered under the training and its impact	% of persons in respective category covered by the awareness programmes
BOARD OF DIRECTORS	10	We conduct regular familiarisation programmes for our Board of Directors and Key Managerial Personnel (KMPs) to ensure they are well-informed and aligned with the company's strategic and regulatory framework. These programmes cover a wide range of topics including ESG parameters and targets, corporate governance, risk management, employee well-being, innovation, research and development, environment, and the Code of Conduct. Additionally, frequent updates are shared with all Board members and KMPs to keep them informed about key developments within the company, significant regulatory changes, compliance matters, risk areas, and ongoing legal proceedings.	83.56%
KEY MANAGERIAL PERSONNEL (OTHER THAN BOD)	8		100%
EMPLOYEES OTHER THAN BOD AND KMPS	158	At Neuland, our employees and workmen actively participate in a wide range of training and awareness programs designed to support both personal and professional development. These begin with a comprehensive induction program at the time of joining and continue throughout their tenure. Ongoing training covers critical areas such as leadership development, company policies, safety and environmental practices, social and governance topics, occupational and mental health, soft skills, risk management, prevention of sexual harassment (PoSH), and function-specific technical and compliance training. These initiatives ensure our workforce remains informed, skilled, and aligned with the company's values and regulatory obligations.	98%
WORKERS	85	Workmen at Neuland regularly participate in on-the-job awareness sessions focused on enhancing their skills, quality standards, health and safety practices, and awareness of workplace policies. These sessions also include training on important topics such as the Prevention of Sexual Harassment (PoSH), ensuring a safe, inclusive, and compliant work environment. The continuous learning approach helps strengthen operational excellence and employee well-being across all levels.	100%

2. **Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):**

Monetary					
	NGRBC Principle	Name of the regulatory / enforcement agencies / judicial institutions	Amount (₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine					
Settlement			NIL		
Compounding Fee					

Non-Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial Institutions	Brief of the case	Has an appeal been preferred? (Yes/No)
Imprisonment				
Punishment			NIL	

3. **Of the instances disclosed in Question 2 above, details of the appeal/revision preferred in cases where monetary or non-monetary action has been appealed.**

   Not Applicable, as there were no monetary and non-monetary cases recorded during the reporting period.

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

Yes. At Neuland, we are firmly committed to conducting our business with the highest standards of ethics, integrity, and transparency. As part of this commitment, we have in place a comprehensive Anti-Bribery, Anti-Corruption, and Anti-Money Laundering (ABAC & AML) Policy that applies to all our internal and external stakeholders including employees, directors, suppliers, agents, consultants, and business partners.

We have zero tolerance for any form of bribery, corruption, or money laundering. This means we strictly prohibit offering, giving, soliciting, or receiving any form of bribe, facilitation payment, or kickback—directly or indirectly. Gifts, hospitality, or entertainment may be exchanged, but only when they are reasonable, transparent, and in line with our internal policies. Importantly, company resources must never be used for political contributions, and charitable donations must fully align with our Corporate Social Responsibility (CSR) Policy does not serve as a cover for unethical influence. In line with the Company's policies, we have not made any political contributions of any nature during the year.

We uphold the highest standards in all interactions, particularly with government officials, ensuring compliance with applicable laws and ethical expectations. When engaging with third parties, our policies require us to carry out appropriate due diligence to ensure their operations and conduct align with our ABAC & AML principles.

Our commitment to compliance is also reflected in how we manage our records and reporting systems. We maintain accurate and complete documentation to meet regulatory requirements and to guard against financial misconduct. Any conflict of interest must be disclosed to the Compliance Officer, who oversees the implementation and adherence to this policy.

As part of our risk mitigation measures, we conduct regular training and awareness sessions to ensure all our stakeholders understand the policy and their responsibilities under it, as also conduct risk assessments as may be required. We provide secure and confidential channels for reporting suspected violations. We strongly encourage speaking up in good faith and assure all individuals that retaliation will not be tolerated.

Violations, if any, of this policy are taken seriously. Depending on the nature of the breach, consequences may include disciplinary action, termination of employment or business relationship, and, if necessary, notification to relevant legal authorities.

At Neuland, we believe ethical business is not just a responsibility and it is the foundation of trust with our employees, partners, customers, and the communities we serve.

Any suspected or actual violation of the ABAC & AML Policy must be reported to the designated Compliance Officer or through the company's Whistleblower mechanism (available via email at whistleblower@neulandlabs.com). All concerns are investigated confidentially by the Compliance Officer, who reports to the Chairperson of the Audit Committee. Serious violations may be escalated to the Board of Directors. Based on the findings, appropriate disciplinary actions, including termination or legal escalation, may be undertaken. The identity of whistleblowers is protected, and the company maintains a strict non-retaliation policy for good faith reporting.

Link to policy: https://www.neulandlabs.com/sites/neulandlabs/files/neuland-labs/Investors/corporate-governance/policies-and-documents/anti-bribery-and-anti-corruption-abac-anti-money-laundering-aml-policy.pdf

5. **Number of Directors/KMPs/employees against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption.**

	FY 2025	FY 2024
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

6. **Details of complaints with regard to conflict of interest**

	FY 2025		FY 2024	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of conflict of interest of directors	0	-	0	-
Number of complaints received in relation to issues of conflict of interest of KMPs	0	-	0	-

7. **Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.**

   Not Applicable, as there were no fines or penalties reported during the reporting period.

8. **Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:**

	FY 2025	FY 2024
Number of days of accounts payables*	64	46

* Company uses Sales as the denominator for internal and external purposes of accounts payable days, Based on Cost of goods/ services procured, the number would have accordingly been 136 and 106 for FY 2025 and FY 2024 respectively

9. **Open-ness of business**

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2025	FY 2024
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	20.80%	-
	b. Number of trading houses where purchases are made from	80	-
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	69.10%	-
Concentration of Sales	a. Sales to dealers / distributors as % of total sales	-	-
	b. Number of dealers / distributors to whom sales are made	-	-
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	-	-
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	-	-
	b. Sales (Sales to related parties / Total Sales)	-	-
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	-	-
	d. Investments (Investments in related parties / Total Investments made)	-	-

Leadership Indicators

1. **Awareness programmes conducted for value chain partners on any of the principles during the financial year.**

Total number of awareness programmes held	Topics / principles covered under the training	% age of value chain partners covered (by value of business done with such partners) under the awareness programmes
3 training programmes covering 213 Value chain partners	ESG, Carbon footprint	33%

2. **Does the entity have processes in place to avoid/ manage conflict of interests involving members of the board? (Yes/No) If yes, provide details of the same.**

Yes, we are committed to upholding the highest standards of transparency, ethics, and accountability in our governance practices. In line with this commitment, we have implemented a robust Code of Conduct for Board Members and Senior Management as well as a comprehensive Related Party Transaction Policy.

Any transaction involving a Board member, including the Executive Chairman, Vice Chairman & CEO and the Vice Chairman & Managing Director, or their relatives or any entity in which they may have a personal or financial interest is subject to strict disclosure requirements. Such transactions must be reviewed and approved by the Audit Committee and the Board of Directors. Importantly, any director with an interest in the transaction is required to recuse themselves from the discussion and decision-making process, ensuring that all approvals are unbiased and in the best interest of the company.

Further, Senior management are required to disclose to the board of directors all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the listed entity at large.

In addition, Neuland mandates annual affirmations from all Board members and senior management confirming their compliance with the Code of Conduct and disclosing any potential conflicts of interest. This process helps ensure that any actual or perceived conflicts are identified and addressed in a timely and transparent manner.

The weblink of the abovementioned policies are mentioned below:

- Code of Conduct for Board Members and Senior Management: https://www.neulandlabs.com/sites/neulandlabs/files/neuland-labs/Investors/corporate-governance/policies-and-documents/Codeof%20ConductfortheBoardandSeniorManagement_10.02.2025.pdf
- Related Party Transaction Policy: https://www.neulandlabs.com/sites/neulandlabs/files/neuland-labs/Investors/corporate-governance/policies-and-documents/RelatedPartyTransactionPolicy25.pdf

Principle 2 BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE

Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	FY 2025	FY 2024
R&D SPENT	0.34%	2%
CAPEX	11.15%	17%

- Improvement of waste management practices, scrubbers for controlling air pollution
- Energy efficiency Pumps installed at effluent treatment for HZW
- Gas detectors installed in labs
- Public addressing system

2. *a. Does the entity have procedures in place for sustainable sourcing? (Yes/No) - Yes*

b. If yes, what percentage of inputs were sourced sustainably?

25.13%

(by value of the order)

We consider supplier commitment to our Supplier Code of Conduct as the first step towards sustainability. As part of the regulated market, our code emphasizes compliance with all applicable regulations. It prohibits child labour, mandates upholding basic human rights, and requires ethical business practices, such as respecting data privacy, intellectual property rights, fair competition, and ensuring safe operating conditions for all workmen. Our goal is for all suppliers to commit to this code of conduct. Additionally, we encourage our suppliers to obtain valid ISO 9001, ISO 14001, and ISO 45001 certifications.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

We have established the standard operating procedure for Hazardous, Non-Hazardous waste and general waste Management is in place.

Hazardous Waste Management:

Our company generates various types of hazardous waste, including evaporation salt, process salt, spent carbon, ETP sludge, insulation waste, spent mixed solvents, used oil, and used PPE. Non-hazardous waste includes plastic, paper, glass, and empty drums, which are responsibly managed through recycling or coprocessing with approved recyclers.

We strictly follow the Hazardous Waste Management Rules of 2016. We ensure proper collection, detoxification and containment using MS drums or double-layer polythene bags, clearly labelled for identification. Only trained personnel handle hazardous waste to maintain safety and control. We employ co-processing in cement kilns as an environmentally sustainable option for disposing of various wastes, including hazardous ones. This method not only destroys the waste at high temperatures (up to 1450°C) but also incorporates the inorganic content into the clinker, leaving no residues. Co-processing also neutralises acidic gases within the kiln's alkaline environment and reduces the need for non-renewable resources like coal and limestone.

Our waste management system achieved Zero waste to landfill with platinum diversion rate in FY 2024, assuring 100% is diverted to co-processing and recycling initiatives.

E-Waste Management:

Managing e-waste responsibly is crucial due to its hazardous nature and potential environmental and health risks. Our measures include:

- **E-Waste Collection Programs:** Implementing collection programs within our facilities to ensure proper disposal of obsolete or broken electronic equipment.
- **E-Waste Recycling:** Partnering with certified e-waste recycling facilities to dismantle devices, separate components, and safely dispose of hazardous substances.
- **Reuse and Refurbishment:** Refurbishing and reusing functional electronic equipment within the organisation.
- **Proper Disposal of Hazardous Materials:** Safely disposing of hazardous materials like lead, mercury, cadmium, and brominated flame retardants in compliance with regulations.
- **Compliance with E-Waste Regulations:** Adhering to local and international e-waste regulations, including collection, recycling, disposal, and reporting requirements.
- **Vendor Selection and Due Diligence:** Carefully selecting and vetting e-waste recycling vendors to ensure they meet environmental and safety standards.
- **Employee Training and Awareness:** Educating employees on proper e-waste disposal and its environmental and health impacts.
- **E-Waste Reporting and Tracking:** Maintaining records of e-waste generated, collected, and disposed of for compliance and reporting purposes.

Plastic and Other Waste Management:

We have established recycling programs to capture and recycle materials such as plastic, paper, glass, and metals. Additionally, we invest in resource recovery technologies to extract value from waste streams through processes such as composting, anaerobic digestion, and material recovery.

By implementing these measures, we ensure responsible e-waste management, minimise environmental and health risks, and contribute to the circular economy by promoting the reuse and recycling of electronic materials.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

   Extended Producer Responsibility (EPR) is currently not applicable to Neuland in the context of its core manufacturing activities. However, as a responsible organisation, we have proactively registered for EPR as an importer and have obtained the necessary approval from the Pollution Control Board (PCB). Our waste collection plan is in line with the EPR plan submitted to PCB.

Leadership Indicators

1. **Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

NIC Code	Name of the Product/Service	% of turnover contributed	Boundary for which the Life Cycle Perspective/ Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web link
8519	Ciprofloxacin Hydrochloride	1.83%	Cradle to Gate	Yes	No

Conducted a comprehensive Life Cycle Assessment (LCA) study for Ciprofloxacin Hydrochloride. This initiative enables the company to thoroughly understand the environmental performance of the product across its life cycle, using Cradle to Gate method and having plans to extend this study to another 2 more products in upcoming years.

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

   There are no significant environmental or social concerns identified in our operations. We have procedures and systems in place to effectively mitigate risks, including robust waste management practices and adherence to circular economy principles.

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

   Not applicable. In the pharmaceutical industry, the use of recycled or reused input materials in the manufacturing process is not feasible due to the nature of our products and maintain quality. However, in some of our operations we recover the spent solvent through solvent recovery system and reclaim certain catalysts and reuse the same in our processes.

Input material	Recycled or re-used input material to total material	
	FY 2025	FY 2024
Solvents	23.20%	11.32%

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format**

   Not applicable, as our products are used in further manufacturing of finished dosage form by our customers.

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

   Not applicable, as our products are used in further manufacturing of finished dosage form by our customers.

Principle 3 — BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS

Essential Indicators

1. *A. Details of measures for the well-being of employees*

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
PERMANENT EMPLOYEES											
Male	1,495	1,495	100%	1,495	100%	-	-	1,495	100%	1,495	100%
Female	204	204	100%	204	100%	204	100%	-	-	204	100%
Total	**1,699**	**1,699**	**100%**	**1,699**	**100%**	**204**	**12.01%**	**1,495**	**87.99%**	**1,699**	**100%**
OTHER THAN PERMANENT EMPLOYEES											
Male	289	289	100%	289	100%	-	-	289	100%	289	100%
Female	3	3	100%	3	100%	3	100%	-	-	3	100%
Total	**292**	**292**	**100%**	**292**	**100%**	**3**	**1.03%**	**289**	**98.97%**	**292**	**100%**

B. Details of measures for the well-being of workers

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
PERMANENT WORKERS											
Male	95	95	100%	95	100%	0	0%	95	100%	95	100%
Female	0	0	0%	0	0%	0	0%	0	0%	0	0%
Total	**95**	**95**	**100%**	**95**	**100%**	**0**	**0%**	**95**	**100%**	**95**	**100%**
OTHER THAN PERMANENT WORKERS											
Male	0	0	0%	0	0%	0	0%	0	0%	0	0%
Female	0	0	0%	0	0%	0	0%	0	0%	0	0%
Total	**0**	**0**	**0%**	**0**	**0%**	**0**	**0%**	**0**	**0%**	**0**	**0%**

C. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format

	FY 2025	FY 2024
Cost incurred on well-being measures as a % of total revenue of the company	1%	1%

2. Details of retirement benefits for the current and previous financial year

Benefits	FY 2025			FY 2024		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.) *	No. of employees covered as a % of total employees	No. of workers covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Y	100%	100%	Y
Gratuity	100%	100%	Y	100%	100%	Y
Employee State Insurance (ESI)	3%	0%	Y	0%	0%	NA
Others	0%	0%	Y	NA	100%	NA

3. Accessibility of workplaces: Are the premises/offices accessible to differently abled employees as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

For differently abled employees, the infrastructure facilities across the offices and manufacturing and R&D facilities adhere to accessibility standards as required. The Equal Opportunity Policy safeguards the rights of the differently abled employees.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

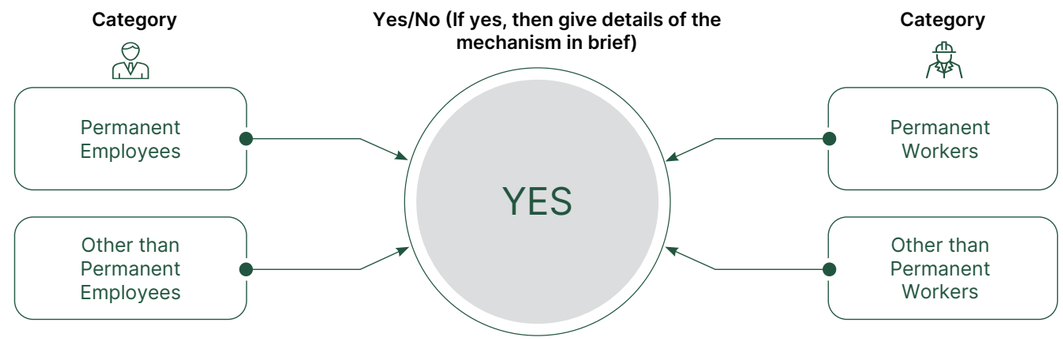
Yes, the policy is accessible on the Company's intranet. We are committed to being an equal opportunities employer, fostering an inclusive environment where everyone can thrive. We do not discriminate in any aspect of employment based on factors such as race, religion, disability, gender, or age. Our code of ethical conduct reinforces our commitment to hiring and promoting individuals based on their qualifications and abilities, without regard to protected categories. For more information on our company culture, visit https://www.neulandlabs.com/en/careers/people.

5. Return to work and retention rates of permanent employees that took parental leave.

Permanent employees

Return to work rate			Retention rate		
Male	Female	Total	Male	Female	Total
97.22%	35.71%	90.16%	81.44%	25.00%	77.14%

6. Is there a mechanism available to receive and redress grievances for the following categories of employees? If yes, give details of the mechanism in brief.



Grievance redressal procedure in brief:

We have established grievance redressal procedures for all our employees and workmen, ensuring that any complaints received through various channels are addressed according to our grievance redressal policy available on our company's intranet. We maintain a strong compliance culture, ensuring grievances are handled in line with our principles and policies through internal reporting.

At Neuland, we prioritise employee well-being through our dedicated Grievance Redressal policy. Our Central and Location Grievance Committees promptly address employee concerns, fostering a transparent and supportive environment. Employees can easily access our policy and committee details on our intranet portal and are encouraged to report any grievances or human rights violations to our Grievance Committee (grievances@neulandlabs.com). We have a grievance redressal portal available to our employees on our intranet portal, in addition reporting to the Grievance Committee through email and drop box. For employees and workmen, the policy is available on the notice boards including in vernacular language, and there are drop boxes in place in all our locations for employees or workmen to submit their grievances and suggestions anonymously.

Our whistle-blower policy/vigil mechanism extends to our stakeholders including all investors, employees, directors, contractors, customers, consultants, suppliers and vendors of the company and its subsidiaries and all other persons associated with the Company. Concerns raised are reported to the Audit Committee and, where applicable, to the Board through the Compliance Officer. Employees can also bring issues to HR or their reporting manager, and any complaints regarding sexual harassment are addressed under the PoSH Act 2013 and our internal policy in compliance with it.

7. Membership of employees in association(s) or unions

Category	FY 2025			FY 2024		
	No. of employees covered as a % of total employees (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	NA	NA	NA	NA	NA	NA
Male	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA
Total Permanent Workers	95	95	100%	100	100	100%
Male	95	95	100%	100	100	100%
Female	0	0	0%	0	0	0%

8. Details of training given to employees

Category	FY 2025					FY 2024				
	Total (A)	On health and safety/wellness measures		On skill upgradation		Total (D)	On health and safety measures/ wellness		On skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
				EMPLOYEES						
Male	1,784	1,784	100%	1,784	100%	1,365	1,365	100%	1,365	100%
Female	207	207	100%	207	100%	178	178	100%	178	100%
Total	**1,991**	**1,991**	**100%**	**1,991**	**100%**	**1,543**	**1,543**	**100%**	**1,543**	**100%**
				WORKERS						
Male	1,238	1,238	100%	1,238	100%	100	100	100%	100	100%
Female	75	75	100%	75	0%	0	0	0%	0	0%
Total	**1,313**	**1,313**	**100%**	**1,313**	**100%**	**100**	**100**	**100%**	**100**	**100%**

9. Details of performance and career development reviews* of employees and workers

Category	FY 2025			FY 2024		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
			EMPLOYEES			
Male	1,443	880	60.89%	1,342	917	68%
Female	189	111	58.73%	162	103	62%
Total	**1,632**	**991**	**60.72%**	**1,505**	**1020**	**68%**
			WORKERS			
Male	0	0	0.00%	100	0	0%
Female	0	0	0.00%	0	0	0%
Total	**0**	**0**	**0.00%**	**100**	**0**	**0%**

* Cut-off date for the performance appraisal is May 31, 2025.

Performance goals are established for all employees at the start of the financial year. Our employees participate in mid-year and annual performance reviews as part of our performance management process. The performance appraisals are conducted for permanent employees who joined on or before December 31, 2024, and are on the organisation's payroll in the current appraisal cycle. However, performance appraisals are not applicable to our permanent workmen, as they are governed by wage agreements.

10. Health and safety management system

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system?

Yes, Neuland is certified for ISO 45001 :2018 Occupational Health and Safety Management System for all manufacturing sites and R&D.

b. What are the processes used to identify work -related hazards and assess risks on a routine and non-routine basis by the entity?

Yes, we have established processes that include workplace risk assessment, HAZOP, Hazard Identification & Risk Assessment (HIRA), permit-to-work systems, safety inspections, and a Safety Audit Management system. Safety audits are conducted regularly at our facilities to ensure compliance and address any concerns promptly. We maintain a rigorous internal audit and reporting system to resolve compliance issues as soon as possible. Inter-facility safety audits are conducted every six months, while external audits occur annually. Our objective is to continually improve processes to enhance health and safety outcomes.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes. We have an internal reporting mechanism in place to report hazards both online and offline, which is monitored 24×7 and addressed immediately. Our incident management system ensures that any incident is reported to relevant statutory authorities and internal teams. Following this, cross-functional teams conduct incident investigation to identify the root cause. Corrective and preventive actions (CAPA) are then recommended and tracked in monthly review meetings for implementation. If the same issue is identified at other sites, a global CAPA is generated for implementation across all sites.

d. Do the employees have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, we have an Occupational Health Centre at all our locations, with an inhouse doctor. First aid facility is available at corporate office. All the employees undergo pre-employment and periodic health assessments to ensure good health.

11. Details of safety related incidents

Safety Incident/Number	Category	FY 2025	FY 2024
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0
Total recordable work-related injuries	Employees	0	0
	Workers	0	0
No. of fatalities (safety incident)	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

Neuland is committed to maintaining the highest standards of occupational health, safety, and environmental practices. Our proactive approach to risk assessment, safety audits, and incident management ensures continuous improvement of our processes and the well-being of our employees. We remain dedicated to fostering a culture of safety and prioritising the health and safety of all stakeholders.

We implement a thorough risk assessment process to ensure workplace safety, including regular workplace risk assessments, HAZOP studies, and Hazard Identification & Risk Assessments (HIRA). These processes help us identify and address potential hazards and risks associated with our operations proactively.

Our stringent permit-to-work system ensures that all critical tasks undergo proper authorisation and risk assessment before commencement, further enhancing safety measures within our facilities.

We have safety committee meetings once in quarter as per the EHS Standard Operating Process. Aligned with ISO standards ISO 45001:2018 & ISO 14001:2015, our Environment, Health, and Safety (EHS) Management System undergoes regular internal, inter-facility, and external audits. These audits aim to verify compliance with safety standards and drive continual improvement in our safety practices. As a result of these efforts, we have maintained a strong safety record with no significant workplace incidents or accidents during the reporting period.

At Neuland, we prioritise the health and well-being of our employees through comprehensive initiatives. Regular health check-ups, wellness programs, and measures to improve the working environment are integral to our employee health strategy. We actively foster a positive safety culture through platforms such as Safety Committee Meetings and safety awareness sessions, encouraging employee participation and feedback.

Pre-employment and periodic medical check-ups, coupled with health awareness sessions and vaccination drives, contribute significantly to maintaining a healthy workforce. Additionally, personalised employee care, including individual health records and counselling, ensures that employees at high risk of adverse medical situations receive appropriate support and attention.

The Company's proactive implementation of Behavioural Based Safety (BBS), robust safety trainings and measures, and rigorous audits, have cultivated a strong safety culture, minimised incidents, and consequently resulted in better working conditions. This demonstrates our commitment to a safe and compliant working environment. These initiatives, further reinforced by British Safety Council's 5 star and sword of honour recognitions.

13. Number of complaints on the following made by employees

	FY 2025			FY 2024		
	Filed during the year	Pending resolutionat the endof year	Remarks	Filed during the year	Pending resolutionat the endof year	Remarks
Working conditions	1,646	11	-	6,647	317	-
Health and safety	285	0	-	689	0	-

14. Assessments for the year

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health and safety practices and working conditions.

Currently, we have a well-established procedure where an Environmental, Health, and Safety (EHS) assessment is conducted before undertaking any project. This assessment aims to explore the overall feasibility of the project, ensuring that it minimally impacts the safety and health of employees and the environment. We conduct risk assessments annually based on our internal Standard Operating Procedures (SOPs) and audit criteria, with all Corrective and Preventive Actions (CAPA) reviewed and completed within specified timelines by both site and higher management.

At Neuland, safety incidents are treated with utmost seriousness, and prompt corrective actions are taken to address any issues that arise. Collaborative efforts between government bodies, regulatory agencies, and organisations are made to ensure workplace safety.

Strict enforcement of safety regulations and guidelines is one of the primary measures taken to address safety incidents, with regular inspections and audits conducted to ensure compliance. Training programs are also implemented to educate employees on safety practices, raising awareness about potential workplace hazards and providing them with necessary skills to prevent accidents and injuries.

Incident reporting systems are in place to encourage employees to report safety concerns promptly, facilitating prompt investigation and resolution of issues before they escalate. In cases where significant risks are identified, proactive measures such as thorough risk assessments, additional safety protocols, provision of personal protective equipment (PPE), or facility/equipment modifications are implemented to mitigate these risks.

Overall, Neuland places a high priority on ensuring the health and safety of its workforce and community members. Through proactive measures and prompt corrective actions, we aim to create a safe and secure environment for all individuals.

For more information kindly refer to Human Capital section of our integrated annual report for FY 2025.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of a. Employees (Y/N) and b. Workers (Y/N)

Yes, for both our employees and workmen.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

We maintain robust mechanisms to ensure that all applicable statutory dues related to transactions with its value chain partners are accurately deducted and deposited in accordance with regulations. These processes undergo regular audit scrutiny. We diligently collect relevant certificates and proofs from our contractors regarding the payment of statutory dues such as PF, ESIC, etc., for contractual employees and workmen. Furthermore, we emphasise ethical behaviour and integrity with our value chain partners in all business dealings and adherence to fair business practices.

3. Provide the number of employees having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ Workers		No. of employees that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2025	FY 2024	FY 2025	FY 2024
Employees	0	0	0	0
Workers	0	0	0	0

4. Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

Yes, the company provides opportunities to retired or separated employees as consultants or advisors, subject to requirement.

5. Details on assessment of value chain partners

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	9.11%
Working Conditions	

6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.

There were no significant risks/concerns identified during the supplier assessments.

Principle 4 BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS

Essential Indicators

1. **Describe the processes for identifying key stakeholder groups of the entity.**

Our key stakeholders include customers, investors, board members, workmen, clients, suppliers, the community, and regulators, among others. We believe that businesses that invest in building trust and fostering a cooperative working environment with stakeholders are more likely to succeed. Therefore, effective stakeholder communication is a cornerstone of our strategy. Over the years, we have built strong relationships with our stakeholders based on trust and respect. We engage with them regularly through various channels to understand their needs and goals, ensuring our efforts are aligned with their expectations.

2. **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Key Stakeholders	Whether identified as Vulnerable & Marginalised Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Others	Frequency of engagement (Annually/Half yearly/ Quarterly / Others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Board and Committees of the Board	No	• Emails, virtual and in-person meetings, group calls and messaging	Quarterly and need based	Board and its committees' engagements include Company's overall operations, business performance, risks and opportunities, strategy, assessment reports, legal updates, technical updates, industry updates, R&D, compliances, audit reports, ESG programs, business continuity and crisis management and material topics.
Employees and workmen	No	• Multi-level and multi-topic engagement based on the employee group • Performance feedback • Surveys • Training sessions • Several informal modes like toolbox talk specifically used for workmen • Email and intranet • Digital communication • Message broadcasting • Townhall meetings	Continuous	Our people, their ideas and their passion are the key forces that drive our company's trajectory forward. We aim to provide our employees a safe, inclusive, and empowering workplace that encourages transparent engagement and the freedom to act, innovate and grow as professionals and individuals. Our ongoing effort is to maintain two-way engagement with colleagues globally including those in corporate offices, R&D labs, manufacturing locations and in the field. Our engagement ranges from providing the latest and updated information on Company and industry developments, avenues for employee voice to capability building, recognition and celebrations.
Suppliers	No	• Supplier audits • Supplier meets • Topic-based select supplier engagement • Grievance redressal	Frequent and need based	• To ensure business continuity and opportunities without any quality related challenges • To identify and close gaps at supplier facilities related to cGMP practices • To seek their confirmation on compliance with our Suppliers Code of Conduct • Create awareness on ESG parameters • To address any feedback/ queries related to the product
Customers	No	• Customer meets and visits by the customer to Neuland • Customer audits • Customer surveys • Structured engagement with select customers	Frequent and need based	• To achieve higher market share through better coverage and penetration into new markets and maximise the outreach of our products • To create awareness about new portfolio and initiatives • Credit worthiness and fair business practices • To address any query/ feedback by customer
Government and Regulators	No	• Fillings and submissions • Engagement during visits to our facilities • Structured meetings on defined topics, as needed • Email and website	Need-based	Our engagement with official authorities is multi-fold. With regulatory authorities, our engagement is aimed at discharging responsibilities and furthering our core business of product development, launch, manufacturing, etc. in keeping with the latest and highest standards of compliance.
Community	Yes	Our engagement with the community includes physical visits as well as digital channels.	Frequent and need based	We engage with the community to understand areas for sustainable development; to develop a sustainable ecosystem for our communities and to understand the social / development challenges / need of the local communities. Our corporate social responsibilities are centred around health and wellbeing, education, women empowerment, gender equality, afforestation and clean water and sanitation, infrastructure development in the villages around our manufacturing plants.
Investors/ Financial Partners	No	investor meetings/ calls, conferences, earnings call, investor events, e-mail, press releases, stock exchange intimations, investor presentations and annual reports. Various updates on the website and other places of engagement.	Frequent and need based	We engage with them so that they can take an informed decision to invest in our Company. The key area of engagement includes an update on the business and financial performance, Company's strategy and growth levers, potential opportunities and risks, our sustainability goals/ actions, and material events which may have a positive or negative impact on the performance of the Company.

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how feedback from such consultations is provided to the Board.**

The Company is committed to the principle that robust stakeholder engagement is essential to realise its vision of sustainable and inclusive growth. To this end, a comprehensive framework has been established to navigate the complexities of stakeholder interactions. The Board of Directors exercises oversight through the Corporate Social Responsibility (CSR) and Risk & Sustainability Committees, which, among other responsibilities, assess, oversee, and set the course for the Company's CSR initiatives and sustainability endeavours. Progress reports concerning these areas are regularly presented to these Committees by the Management. Furthermore, the Company has instituted an ESG Apex Committee, composed of senior management, tasked with the supervision of the Company's ESG objectives. This Committee operates with the support of a dedicated Core Committee and an Operational driving team.

2. **Whether stakeholder consultation is used to support the identification and management of environmental and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   Yes, we conducted a materiality assessment involving intensive stakeholder engagement. Both internal and external stakeholders identified material environment, social and governance topics that could impact the Company's business. Our ESG strategy has been formulated based on the inputs received from key stakeholders on these material topics. Key topics are also listed in Section A - Question 24 of this report. Materiality Assessment is conducted once in three years, and the next one is due in FY 2026.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalised stakeholder groups. –**

   We are dedicated to serving disadvantaged, vulnerable, and marginalised stakeholders in areas near our manufacturing facilities through various CSR initiatives. We implement numerous programs focusing on education, women empowerment, clean water and sanitation, skills development and livelihoods, health and well-being, environmental sustainability, and sustainable communities. These initiatives are carried out both directly and in partnership with other organisations to support marginalised sections of the community. For more details, please refer to Principle 8 of this report.

Principle 5 BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

Essential Indicators

1. **Employees who have been provided training on human rights issues and policy(ies) of the entity, in the following format**

Category	FY 2025			FY 2024		
	Total (A)	No. of employees covered (B)	% (B/A)	Total (C)	No. of employees covered (D)	% (D/C)
EMPLOYEES						
Permanent	1,699	1,699	100%	1,543	1,543	100%
Other than permanent	292	292	100%	150	150	100%
Total Employees	**1,991**	**1,991**	**100%**	**1,693**	**1,693**	**100%**
WORKERS						
Permanent	95	95	100%	100	100	100%
Other than permanent	1,218	1,218	100%	1,062	1,062	100%
Total Workers	**1,313**	**1,313**	**100%**	**1,162**	**1,162**	**100%**

2. **Details of minimum wages paid to employees and workers**

Category	FY 2025					FY 2024				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
EMPLOYEES										
Permanent	**1,699**	**0**	**0%**	**1,699**	**100%**	**1,543**	**0**	**0%**	**1,543**	**100%**
Male	1,495	0	0%	1,495	100%	1,365	0	0%	1,365	100%
Female	204	0	0%	204	100%	178	0	0%	178	100%
Other than Permanent	**292**	**0**	**0%**	**292**	**100%**	**150**	**0**	**0%**	**150**	**100%**
Male	289	0	0%	289	100%	150	0	0%	150	100%
Female	3	0	0%	3	100%	0	0	0%	0	0
WORKERS										
Permanent	**95**	**0**	**0%**	**95**	**100%**	**100**	**0**	**0%**	**100**	**100%**
Male	95	0	0%	95	100%	100	0	0%	100	100%
Female	0	0	0%	0	0%	0	0	0%	0	0%
Other than Permanent	**1,218**	**0**	**0%**	**1,218**	**100%**	**1,062**	**0**	**0%**	**1,062**	**100%**
Male	1,143	0	0%	1,143	100%	975	0	0%	975	100%
Female	75	0	0%	75	100%	87	0	0%	87	100%

3. *A. Details of remuneration/salary/Wages, in the following format:*

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (₹)	Number	Median remuneration/ salary/ wages of respective category (₹)
Board of Directors (BoD) (including whole-time directors)	9	31,20,000	2	30,90,000
Key Managerial Personnel (other than BoD)	1	1,93,85,000	1	46,01,000
Employees other than BoD and KMP*	1,491	6,19,644	203	4,93,500
Workers	95	10,01,398	0	-

* Employee count here is excluding 3 whole-time directors and 2 KMP

B. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2025	FY 2024
Gross wages paid to females as % of total wages	9.28%	7.56%

4. **Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

   Yes, we have a Grievance Redressal policy in place, Central Grievance Committee addresses grievances of permanent employees and Location Grievance Committee addresses grievances of permanent workmen. The policy and the committee members list are available to all employees in our intranet portal. Additionally, we encourage employees to raise their concerns and ask for help in case of any violation or perceived violation of human rights. They can report any grievance to – Grievance Cell (grievances@neulandlabs.com). For more details, please refer to Principle 3, Point 6.

5. **Describe the internal mechanisms in place to redress grievances related to human rights issues**

   Any grievance arising out of violation of human rights shall be dealt with as per process defined under Grievance Redressal policy. They can report any grievance to – Grievance Cell (grievances@neulandlabs.com). For more details, please refer to Principle 3, Point 6.

6. **Number of complaints on the following made by employees and workers**

	FY 2025			FY 2024		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Sexual Harassment	3	0	-	0	0	-
Discrimination at workplace	0	0	-	0	0	-
Child Labour	0	0	-	0	0	-
Forced Labour/ Involuntary Labour	0	0	-	0	0	-
Wages	0	0	-	0	0	-
Other human rights related issues	0	0	-	0	0	-

7. **Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format**

	FY 2025	FY 2024
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	3	0
Complaints on POSH as a % of female employees / workers	1.06%	0%
Complaints on POSH upheld	2	0

8. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases**

Our 'Prevention of Workplace Discrimination & Equal Opportunities Employment' policy ensures that actions taken to remedy any situation will not negatively affect the person who lodged the complaint. Furthermore, our grievance redressal policy, available on the intranet of the Company, provides protection of complainant. The complainant or any other employee assisting in the investigation, including witness, shall not be subjected to any unfair treatment on account of any grievance raised or being investigated.

We conduct regular training and awareness sessions to ensure all our employees and workmen understand the policies and their responsibilities under it. We encourage speaking up in good faith and assure all employees and workmen that retaliation will not be tolerated.

Additionally, our Human Rights Policy encourages employees to raise their concerns and ask for any help/ clarification in case of any violation/ perceived violation of human rights without any fear of retaliation. They can send an e-mail to grievances@neulandlabs.com stating the nature of their grievance which will be addressed as per the Grievance Redressal policy. Similarly, contract labour can reach out to the site Human Resources team and share their concerns around violation of this Policy.

Any violations of this policy can be reported under the Company's Whistleblower policy, by writing to whistleblower@neulandlabs.com and whistleblower.neulandlabs@gmail.com and the matter will be investigated under whistleblower mechanism. Finally, our Whistleblower Policy allows escalating the reporting of any retaliation to the Compliance Officer or the CEO/MD.

9. **Do human rights requirements form part of your business agreements and contracts?**

Yes, the Company has human rights related requirements as part of the business agreements and contracts.

10. **Assessments for the year**

- Child labour
- Forced/involuntary labour
- Sexual harassment
- Discrimination at workplace
- Wages
- Others – please specify (Health & Safety)

100%
of offices that were assessed (by entity or statutory authorities or third parties)

11. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

During the year an independent third-party audit was carried out in line with the ISO 26000 Social Responsibility guidelines. There were no significant risks/concerns from the social audit conducted for all units (Unit-1, Unit-2, Unit-3 & R&D) and the corporate office.

Leadership Indicators

1. **Details of a business process being modified/introduced as a result of addressing human rights grievances/ complaints.**

There have been no changes to our processes, as no human rights grievances or complaints were received.

2. **Details of the scope and coverage of any human rights due diligence conducted.**

The scope covered all locations of the organisation and covered the following areas:

Organisational governance, human rights, labour practices, fair operating practices, consumer issues and community involvement and development.

3. **Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

For the differently abled visitors, the infrastructure facilities across the offices and manufacturing and R&D facilities adhere to accessibility standards, to the extent required.

4. **Details on assessment of value chain partners**

- Sexual Harassment
- Discrimination at workplace
- Child Labour
- Forced Labour/Involuntary Labour
- Wages
- Others – please specify

9.11%
of value chain partners (by value of business done with such partners) that were assessed

5. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

No significant risks or concerns were identified during the supplier assessments referenced in Question 4. As such, no corrective actions were required or are currently underway. We continue to monitor supplier performance regularly to ensure ongoing compliance and risk mitigation.

Principle 6 BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity

PARAMETER	FY 2025	FY 2024
From renewable sources		
Total electricity consumption (A)	0	0
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C)	0	0
From non-renewable sources		
Total electricity consumption (D) in GJ	1,53,802.75	1,41,269.07
Total fuel consumption (E) in GJ	2,29,563.15	2,35,886.85
Energy consumption through other sources (F) in GJ	0	0
Total energy consumed from non-renewable sources (D+E+F) in GJ	3,83,365.90	3,77,155.91
Total energy consumed (A+B+C+D+E+F) GJ	3,83,365.90	3,77,155.91
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees) GJ/₹	0.000026	0.0000242
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed / Revenue from operations adjusted for PPP)	0.000536	0.000542
Energy intensity in terms of physical output (GJ/Kg of production)	0.86	0.81

* PPP – IMF conversion factors for FY2025: 20.66

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? If yes, name of the external agency. - Yes, TUV India Private Limited, a third party conducted an annual assurance for FY 2024-25 on sustainability parameters reported in the integrated report of the Company.

Note: Previous year's numbers (FY 2024) have been rectified.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

The PAT Scheme is not applicable to Neuland, as none of our sites or facilities have been identified as Designated Consumers (DCs) under the scheme by the Government of India.

3. Provide details of the following disclosures related to water.

Parameter	FY 2025	FY 2024
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	-	-
(iii) Third party water	1,41,490.40	1,28,000.00
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	1,41,490.40	**1,28,000.00**
Total volume of water consumption (in kilolitres)	1,41,490.40	1,28,000.00
Water intensity per rupee of turnover (Total water consumption / Revenue from operations)	0.00000958	0.00000821
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)* (Total water consumption / Revenue from operations adjusted for PPP)	0.000198	0.000184
Water intensity in terms of physical output (KL/Kg of production)	0.32	0.33

* PPP – IMF conversion factors for FY 2025: 20.66

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - Yes, TUV India Private Limited, a third party conducted an annual assurance for FY 2024-25 on sustainability parameters reported in the integrated report of the Company.

4. Provide the following details related to water discharged:

	FY 2025	FY 2024
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(ii) To Groundwater		
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(iii) To Seawater		
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(iv) Sent to third parties		
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(v) Others		
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	1,700.00 (Tertiary)	1,180.00 (Tertiary)
Total water discharged (in kilolitres)	**1,700.00**	**1,180.00**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency – Yes, TUV India Private Limited, a third party conducted an annual assurance for FY 2024-25 on sustainability parameters reported in the integrated report of the Company.

Note: Previous year's numbers (FY 2024) have been rectified.

5. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

To conserve natural resources and protect the environment, Neuland has implemented Zero Liquid Discharge (ZLD) systems across all its manufacturing facilities. These systems are designed to ensure that all wastewater generated during operations is treated, recycled, and reused within the facility, leaving no liquid effluent for external discharge. The ZLD process typically involves multiple stages, including primary treatment, ultrafiltration, reverse osmosis, and evaporation, followed by crystallisation to recover usable water and safely manage residual solids. By adopting this closed-loop water management system, Neuland effectively eliminates the risk of water pollution, complies with stringent regulatory norms, and reinforces its commitment to environmental sustainability.

6. **Please provide details of air emissions (other than GHG emissions) by the entity.**

Parameter	Please specify unit	FY 2025	FY 2024
NOx	tons	26.02	28.23
SOx	tons	70.14	74.15
Particulate matter (PM)	tons	35.70	37.18
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutants (HAP)	-	-	-
Others – please specify	-	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. – Yes, TUV India Private Limited, a third party conducted an annual assurance for FY 2024-25 on sustainability parameters reported in the integrated report of the Company.

7. **Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.**

Parameter	Unit	FY 2025	FY 2024
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	27,760.95	23,566.15
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	31,059.61	28,096.85
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric tonnes of CO2 equivalent per Rupee	0.0000040	0.0000033
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity PPP*(Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)	Metric tonnes of CO2 equivalent per Rupee	0.0000823	0.0000743
Total Scope 1 and Scope 2 emission intensity in terms of physical output	Metric tonnes of CO2 equivalent per Kg of production	0.13	0.11

* PPP – IMF conversion factors for FY2025: 20.66

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - Yes, TUV India Private Limited, a third party conducted an annual assurance for FY 2024-25 on sustainability parameters reported in the integrated report of the Company.

Note: Previous year's numbers (FY 2024) have been rectified.

8. **Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.**

Yes, we have undertaken multiple initiatives aimed at reducing greenhouse gas (GHG) emissions across our operations, addressing both Scope 1 and Scope 2 emissions through fuel optimisation, energy conservation, and nature-based solutions.

Scope 1 Emission Reduction Initiatives:

Fuel Transition:

As part of our decarbonisation efforts, we are actively exploring cleaner fuel alternatives. One such initiative involves blending 10% biomass briquettes with coal in boiler operations. This fuel transition aims to reduce direct fossil fuel usage, thereby lowering Scope 1 emissions when compared to previous years.

Refrigerant Management:

In line with best practices for managing high global warming potential (GWP) substances, we have initiated the replacement of R-22 refrigerant with R-404a in its HVAC systems. This transition not only improves system efficiency but also reduces the environmental impact associated with refrigerant leaks and usage.

Scope 2 Emission Reduction Initiatives:

Electricity Conservation:

We have implemented multiple energy-saving measures across our facilities, including LED lighting upgrades, energy-efficient motors, power factor correction systems, and process optimisation, all contributing to a tangible reduction in purchased electricity consumption, thereby reducing Scope 2 emissions.

Comprehensive Energy Audit:

A detailed energy audit was conducted at our Unit 1 to analyse power consumption trends, identify inefficiencies, and recommend actionable solutions for improvement. Based on the insights gained, the company plans to replicate this audit methodology across all sites, enabling a broader implementation of energy-saving practices company-wide.

Afforestation and Reforestation Projects:

As part of our commitment to natural climate solutions, we have undertaken tree plantation drives and reforestation of degraded land around its operational sites. These efforts not only improve local biodiversity and ecosystem services but also contribute to carbon sequestration, thereby helping offset a portion of our GHG emissions.

9. **Provide details related to waste management by the entity, in the following format:**

Parameter (in metric tonnes)	FY 2025	FY 2024
Total Waste generated (in metric tonnes)		
Plastic waste (A)	3.11	2.63
E-waste recycled (B)	0.90	2.32
Bio-medical waste (C)	5.47	4.33
Construction and demolition waste (D)	2,500.30	2,680.74
Battery waste (E)	0.03	0.19
Radioactive waste (F)	-	0
Other Hazardous waste. Please specify, if any. (G)	5,276.35	7021.29
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	113.41	83.58
Total (A+B + C + D + E + F + G + H)	7,899.57	9795.08
Waste intensity per rupee of turnover (Total waste generated / Revenue from operations)	0.00000053	0.00000063
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP)	0.000011	0.000014
Waste intensity in terms of physical output	0.02	0.03
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	2,504.34	2,685.87
(ii) Re-used	5,389.76	7,068.02
(iii) Other recovery operations	-	-
Total	**7,894.11**	**9,753.89**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations	5.47	4.33
Total	**5.47**	**4.33**

*Plastic Waste, E-waste, Battery waste and Construction & demolition waste are considered under Recycled waste.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - Yes, TUV India Private Limited, a third party conducted an annual assurance for FY 2024-25 on sustainability parameters reported in the integrated report of the Company.

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

At Neuland, waste management is guided by a comprehensive Standard Operating Procedure (SOP) that ensures the safe and sustainable handling of all waste categories—hazardous, non-hazardous, and general waste. Our approach emphasises strict adherence to the Hazardous Waste Management Rules, 2016, particularly for materials such as evaporation salt, process salt, and spent carbon. These are carefully collected by trained personnel using appropriately labelled MS drums or double-layer polythene bags to ensure safe containment and traceability.

A key element of our waste strategy is the co-processing of hazardous waste in cement kilns, which not only prevents landfill accumulation but also promotes resource recovery and circularity. Additionally, our facilities implement rigorous waste segregation, recycling, and tracking mechanisms to ensure environmental compliance and minimise ecological impact.

Our commitment to sustainable waste management resulted in the successful diversion of 100% of waste from landfills, reflecting our ongoing efforts to eliminate waste at source, improve material efficiency, and achieve zero landfill goals.

To reduce the use of hazardous and toxic chemicals, Neuland continues to invest in green chemistry practices, process optimisation, and substitution of harmful substances with safer alternatives, aligning with our broader environmental sustainability objectives.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details.

None of our operational sites are located in or around ecologically sensitive areas.

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year

During the reporting year, no projects undertaken by Neuland required an Environmental Impact Assessment (EIA) under the applicable environmental laws. As such, no EIAs were conducted in the current financial year.

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and Rules thereunder (Y/N). If not, provide details of all such non-compliances.

Yes, Neuland is compliant with applicable environmental laws, regulations, and guidelines in India, including the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, the Environment (Protection) Act, and the rules framed thereunder. The company consistently adheres to regulatory requirements and maintains a strong focus on environmental stewardship across all its operations.

Leadership Indicators

1. Water withdrawal, consumption, and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area: Bonthapally, Pashamylaram and Gaddapotharam (Sangareddy District) and Jubilee Hills, Hyderabad

(ii) Nature of operations: Manufacturing, R&D and Administration

(iii) Water withdrawal, consumption, and discharge in the following format:

Parameter	FY 2025	FY 2024
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	-	-
(iii) Third party water	1,41,490.40	1,28,000.00
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres)	1,41,490.40	1,28,000.00
Total volume of water consumption (in kilolitres)	1,41,490.40	1,28,000.00
Water intensity per rupee of turnover (Water consumed / turnover) KL/₹	0.00000958	0.00000821
Water intensity (optional) – the relevant metric may be selected by the entity KL/₹ lakhs	0.96	0.82
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(ii) To Groundwater		
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(iii) To Seawater		
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(iv) Sent to third parties		
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	-*	-*
(v) Others		
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	1,700.00 (Tertiary)	1,180.00 (Tertiary)
Total water discharged (in kilolitres)	**1,700.00**	**1,180.00**

*The company is not tracking its water discharge at corporate office, as it is a leased asset with common STP, and the consumption and discharge being insignificant.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - Yes, TUV India Private Limited, a third party conducted an annual assurance for FY 2024-25 on sustainability parameters reported in the integrated report of the Company.

Note: Previous year's numbers (FY 2024) have been rectified.

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2025	FY 2024
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	1,28,243.58	3,036.82
Under Total Scope 3 emissions per rupee of turnover	Metric tonnes of CO2 equivalent per Rupee	0.0000087	0.00000019
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity	Metric tonnes of CO2 equivalent per lakhs Rupees	0.87	0.02

Note: Due to additional categories included in FY 2025 GHG emissions calculations under Scope 3 are not comparable to the categories considered in FY 2024. For details about this, please refer the natural capital section of our FY 2025 Integrated Report.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - Yes, TUV India Private Limited, a third party conducted an annual assurance for FY 2024-25 on sustainability parameters reported in the integrated report of the Company.

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable, as we do not operate in ecologically sensitive areas.

4. **If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

At Neuland, environmental sustainability and responsible resource management are embedded into our core operational philosophy. We firmly believe in creating "wealth from waste," and this mindset drives our comprehensive efforts toward achieving zero waste to landfill through robust waste reduction, reuse, and recycling programs.

	Initiative undertaken	Details of the Initiative (weblink, if any, may be provided along with summary)	Outcome of the initiative
1	**Comprehensive Water Audit**	A detailed water audit was conducted at Neuland Unit 3 to map water usage across various processes, identify high-consumption areas, and explore opportunities for conservation, reuse, and recycling. Plans are in place to replicate this across all sites.	Identified key water-saving opportunities and initiated efficiency improvements company-wide.
2	**Progress Toward Zero Waste to Landfill Certification**	Initiated the process for Zero Waste to Landfill certification through waste stream mapping, enhanced segregation practices, and identifying suitable co-processing and recycling partners.	Improved waste segregation, diverted waste from landfill, and advanced toward ZWL certification.
3	**Biodiversity Assessment**	Conducted baseline biodiversity studies around major operational sites to understand the local ecological context and potential environmental impacts. Results will guide site-specific conservation and mitigation strategies.	Developed a foundation for biodiversity action plans to preserve native ecosystems and mitigate ecological risks.
4	**Zero Liquid Discharge (ZLD) Implementation**	ZLD systems are implemented across manufacturing sites to treat and reuse all generated wastewater in utilities such as cooling towers and flushing systems.	Achieved complete reuse of wastewater, significantly reducing freshwater usage and environmental discharge.
5	**Hazardous and Non-Hazardous Waste Management**	Adopted structured handling and disposal of hazardous waste (e.g., process salts, spent carbon) and partnered with certified recyclers for non-hazardous waste reuse and co-processing.	Ensured legal compliance and reduced environmental impact by minimising landfill contribution.
6	**Climate Action and Natural Resource Conservation**	Initiated energy efficiency improvements and afforestation/reforestation projects to reduce GHG emissions and restore natural habitats. Focus areas include green chemistry, process optimisation, and future renewable energy integration.	Contributed to decarbonisation efforts, improved energy performance, and enhanced green cover around operations.
7	**Governance through Environmental Management Systems**	Environmental management is governed by internal SOPs and policies aligned with regulatory standards. Regular audits, training, and monitoring ensure policy implementation and continuous improvement.	Strengthened compliance culture, embedded sustainability in daily operations, and reduced environmental risk.

For details about this, please refer the natural capital section of our FY 2025 Integrated Report.

5. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

We, at Neuland currently have a Disaster Management Plan in place from an IT perspective, along with established plans for Supply Chain and Manufacturing Operations. These frameworks enabled the company to respond swiftly during the pandemic and other emergencies. From a manufacturing standpoint, certain products are qualified across multiple production lines, and vice versa, ensuring operational continuity and risk mitigation. Our Business Continuity Policy aligned to ISO 22301 is available intranet for access to our employees and internal stakeholders. Additionally, Neuland is actively developing comprehensive Business Continuity Plans (BCP) aligned with ISO 22301, covering all departments and potential scenarios, with the goal of achieving full accreditation during FY 2025-26.

6. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.**

Increased emissions from procurement activities were identified as a significant environmental impact within our value chain. In response, we, at Neuland implemented a supply chain de-risking strategy aimed at reducing geographic dependencies and shortening supply chains, an approach particularly relevant in the context of the pandemic and evolving global challenges.

As part of this initiative, we successfully onboarded an alternate Indian supplier for a key starting material used in the production of one of our beta-blocker drugs, reducing reliance on the existing overseas vendor. This move not only led to process improvements and cost savings but also contributed to a notable reduction in carbon emissions, aligning with our broader environmental sustainability goals. Further in FY 2024-25, we expanded our Scope 3 emissions estimation to all our raw materials and capital goods' partners and set the baseline to understand and mitigate the environmental impact and to initiate engagement with our value chain partners.

7. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

9.11% of the significant suppliers were assessed for environmental impacts.

8. **How many Green Credits have been generated or procured:**
   a. By the listed entity – Nil
   b. By the top ten (in terms of value of purchases and sales, respectively) value chain partners - Nil

Principle 7 BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT

Essential Indicators

1. *a. Number of affiliations with trade and industry chambers/ associations.*

Neuland is an active member of six trade and industry chambers and associations, reflecting its commitment to industry collaboration, knowledge sharing, and policy advocacy.

b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/affiliated to:

S No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/ associations (State/National)
1	Confederation of Indian Industry (CII)	National
2	Pharmaexcil	State
3	Federation of Telangana Chambers of Commerce and Industry (FTCCI)	State
4	Bulk Drug Manufacturers Association (India) (BDMA)	National
5	Society for Cyberabad Security Council (SCSC)	State
6	Society for Sangareddy Security Council (SSSC)	State

2. **Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.**

   There have been no adverse orders from regulatory authorities related to anti-competitive conduct against Neuland. As such, no corrective actions are currently required or underway in this regard. The company remains committed to fair business practices and compliance with all applicable competition laws and regulations.

Leadership Indicators

1. **Details of public policy positions advocated by the entity**

   The company is involved in advocating for industry advancement and broader public welfare. Our focus areas include sustainable product development, environmental stewardship, women's safety and security, and corporate social responsibility (CSR). We contribute through active participation in industry associations and collaborate with local government authorities to support and promote initiatives aligned with these priorities.

Principle 8 BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

Essential Indicators

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

   Not Applicable, the Company has not undertaken any SIA during the reporting period.

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity.**

   Not Applicable, the company has not undertaken any projects which required R&R.

3. **Describe the mechanisms to receive and redress grievances of the community.**

   We actively collaborate with villagers and local communities, alongside Village Sarpanch and other Government agencies, to address any community-related issues in all locations where we operate. In case of any grievances, the community leaders have access to the Company's representatives at each of the units and depending on the nature of the grievance, relevant stakeholders are engaged to resolve such issue.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers.**

	FY 2025	FY 2024
Directly sourced from MSMEs/ small producers	42.66%	38.30%
Sourced directly from within the district and neighbouring districts	63.84%	59.78%

5. **Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost**

	FY 2025	FY 2024
Rural	0	0
Semi-Urban*	69.94%	65.42%
Urban	0	0
Metropolitan	30.06%	34.58%

*Based on people working in the Rural areas, but not all live there.

Leadership Indicators

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above)**

   Not Applicable, as Social Impact Assessment was not required to be conducted during the reporting period.

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies**

   Neuland has not taken up any CSR activities in the aspirational districts as listed by the government.

3. *a. Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised /vulnerable groups? (Yes/No)*

   No. We are in the process of building a diversified vendor base to mitigate the risks associated with relying on a single vendor and do not discriminate vendors on any basis. This approach also allows us to engage with small and medium enterprises, contributing to the growth of the local economy and supply chain. Our procurement efforts are focused on a range of vendors, and we have transitioned to an e-procurement portal, ensuring equal access for all vendors to transparently engage with our company. However, we have not specifically targeted marginalised groups in our supplier selection process.

   b. From which marginalised /vulnerable groups do you procure? What percentage of total procurement (by value) does it constitute?

   Not Applicable

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge.**

   Not Applicable

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

   Not Applicable

6. **Details of beneficiaries of CSR Projects**

Sl. No.	Project	SDGs	No. of persons benefitted	% of beneficiaries from vulnerable and marginalised groups
1	Upgradation of ZPHS School at Domadugu Village	4, 5, 6	Approximately 240 students from disadvantaged communities are enrolled in this school, ranging from 1st grade to 10th grade. The school is located in Domadugu village and serves children from four surrounding villages.	The main objective of CSR activities of the company is to focus on serving disadvantaged, vulnerable and marginalised stakeholders from weak socioeconomic background in core areas near to its manufacturing facilities through various CSR initiatives.
2	Donation of 10 road barricades and awareness on road safety	4	Public safety and sensitizing villagers and local communities on road safety. The barricades have been arranged at 3 major traffic routes.	
3	Gurukul Residential School renovation	4, 5	There are 640 female students residing in this Gurukul Residential School, ranging from the 6th Standard to 10+2 Standard. All these students come from economically disadvantaged backgrounds and have been admitted based on merit. The renovation of 3 classrooms benefitted about 90 students per class.	
4	Donation to underprivileged in Social Welfare hostels	1	200 mattresses were donated to 200 underprivileged students in Sangareddy District hostels	

Sl. No.	Project	SDGs	No. of persons benefitted	% of beneficiaries from vulnerable and marginalised groups
5	Donation of digital learning board to ZPHS school	4	A digital learning board was donated to ZPHS school, benefiting approximately 60 students of the 10th class through the digital platform.	The main objective of CSR activities of the company is to focus on serving disadvantaged, vulnerable and marginalised stakeholders from weak socioeconomic background in core areas near to its manufacturing facilities through various CSR initiatives.
6	Providing skill training (NAPS)	4, 8	In addition to the mandatory requirement of apprentice training, the Company has imparted necessary training to 46 nos. rural youth to enhance their skills and employability	
7	Salaries to teachers	4	Monthly honorarium paid to identified teachers in Domadugu school, benefitting about 80 students.	
8	Construction of Overhead water tank, water sump and providing water supply to the overhead water tank at Kazipally village	6	Daily 2 times of water benefitting nearly 400 families	
9	Water supply to RO-Water Plants at Gaddapotharam village	6	160 families benefitted	
10	Donation for Installation of Water Purification Plants at 2 government schools (Community Development Foundation)	6	Accessibility to purified drinking water at 2 schools benefiting around 360 students and staff members	
11	Upgradation of Primary Health Centres	3	A new building was constructed at the Gummidhala Primary Health Centre (PHC) to serve as a maternity ward and for general patients. This facility aims to assist 600 patients from 7 villages within the Mandal.	
12	Health Camps	3	Three medical camps were held in Bonthapally, Domadugu, and Pashmylaram, benefiting approximately 1,200 villagers.	
13	Medical Support to Children suffering from Congenial Heart Disease	3	Supported cardiac surgeries and follow-ups for underprivileged children with heart diseases, benefiting 11 children.	
14	Compound wall construction for women's college in Sangareddy	4, 5, 6	There are approximately 420 students enrolled at the Government Women's Degree College in Sangareddy. Among them, around 160 students reside in the on-campus hostel, which is safeguarded by a compound wall to ensure their safety and security.	
15	SHE Shuttle	5	Two SHE shuttle services are operational in Sangareddy District. One service operates from Gandimisamma to Gummididhala, while the other runs from Gagillapur to Jinnaram Village, covering six villages on each route. Approximately 400 to 450 women, including students and members of the public, utilise these services daily. The shuttles are equipped with a woman guard and GPRS tracking for enhanced safety.	
16	CC Road	11	Constructed a 280-meter CC Road in Jinnaram Village, benefiting around 400 villagers and farmers.	The main objective of CSR activities of the company is to focus on serving disadvantaged, vulnerable and marginalised stakeholders from weak socioeconomic background in core areas near to its manufacturing facilities through various CSR initiatives.
17	Initiated upgradation of ZPHS School at Jinnaram Village	4	To facilitate increase in student strength by 100 students from nearby 5 villages	
18	Initiated Construction of Classroom and infrastructure upgradation at Mandal Parishad Primary School	4	To facilitate increase of student strength from 30 to 50 students	
19	Integrated Watershed Management Program	1, 3, 6, 7, 8, 10, 11, 13	Supported installation of 130 Solar Power Street Lights across 8 villages in and around Bonthapally	

Principle 9 BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER

Essential Indicators

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

   We do not have any direct consumers for our products as we supply to pharmaceutical companies into finished dosage manufacturers. Any customer complaints are being managed timely as per internal SOP.

2. **Turnover of products and/ services as a percentage of turnover from all products/service that carry information about**

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100% The company provides safety data sheets that are shared with the customers for all its products wherever applicable and as required. Our products are not sold to retail customers as it is and therefore product information is not provided.
Safe and responsible usage	
Recycling and/or safe disposal	

3. **Number of consumer complaints in respect of the following:**

	FY 2025			FY 2024		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber-security	0	0	-	0	0	-
Restrictive Trade Practices	0	0	-	0	0	-
Unfair Trade Practices	0	0	-	0	0	-
Others	0	0	-	0	0	-

4. **Details of instances of product recalls on account of safety issues**

	Number	Reasons for recall
Voluntary recalls	0	-
Forced recalls	0	-

5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

   Yes, we have Cyber security framework related policies are available on the Company's intranet. We have obtained ISO 27001:2022 certification for our organisation. Also, we the company has a data privacy policy, and the web-link at https://www.neulandlabs.com/en/privacy-policy.

6. **Provide details of any corrective actions taken or underway on issues relating to advertising and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.**

   No incidents reported hence no corrective actions.

Leadership Indicators

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**
   - https://www.neulandlabs.com/en
   - https://www.neulandlabs.com/en/insights/resources
   - https://www.neulandlabs.com/en/generic-apis
   - https://www.neulandlabs.com/en/cdmo-services
   - https://www.linkedin.com/company/neuland-laboratories-limited
   - https://www.facebook.com/NeulandLaboratories/
   - https://www.youtube.com/@neulandlaboratories537

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   We do not have any direct consumers for our products. We provide a safety data sheet together with the product in accordance with the worldwide standardised system, even though the customer has access to the product's general information (GHS). To guarantee safety at every stage of the product lifecycle, we also offer handling and storage guidelines. The safety data sheet gives the customer a thorough overview of the product, as well as dos and don'ts, and guidelines for material handling. The product safety is assessed during the entire product research and development stage as well. Mechanisms are in place to inform customers of any risk of disruption/discontinuation of essential services.

3. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

   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.

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

4. **Provide the following information relating to data breaches**
   a. Number of instances of data breaches along with impact - Nil
   b. Percentage of data breaches involving personally identifiable formation of customer – 0%

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:

- Under performing and high energy consuming vacuum pumps were replaced with new vacuum pumps.
- To minimise the Liquid nitrogen consumption (-50 Deg C) Brine chilling plants installation initiated.
- Replaced old less energy efficient motors with energy efficient IE3 motors.
- Automatic tube cleaning systems installed in refrigeration plants which resulted in reduction of energy consumption.
- Under performing refrigerant compressor replaced with new refrigerant compressor.
- Water jet vacuum pumps replaced with new dry vacuum pumps to minimise the operation cycle times.
- Localised capacitor banks are installed at MCC's to minimise the transmission losses in power.

ii. the steps taken by the Company for utilising alternate sources of energy: Biomass briquettes utilisation initiated as an alternate of coal (1082 Tons of briquettes used instead of coal).

iii. the capital investment on energy conservation equipment: The Company has invested around ₹ 917.17 lakhs on equipment for energy conservation.

iv. Power & Fuel Consumption:

		2024-25	2023-24
1.	**Electricity**		
	a. Purchased		
	Unit in lakhs (kWh)	425.41	391.32
	Total Amount (₹ in lakhs)	3,490.82	3,253.43
	Rate/Unit (₹ /kWh)	8.2	8.31
	b. Own generation (Unit in lakhs) kWh	7.83	7.83
	(Through Diesel Generator)		
	Units per litre of Diesel Oil	2.97	3.01
	Cost/Unit (₹/kWh)	33.24	32.97
2.	**Coal**		
	Quality "C" Grade used in Steam Boiler		
	Quantity (Tonnes)	12,578.70	12,471.00
	Total cost (₹ in lakhs)	1,195.32	1,237.00
	Average rate (₹ /Tonne)	9,502.00	9,917.00

FORM - B

(B) TECHNOLOGY ABSORPTION

i. Efforts made towards technology absorption:

The Company has demonstrated a consistent commitment to technology absorption, seeks partnerships to access cutting-edge technologies in areas like process chemistry and analytical techniques. This is coupled with internal efforts to enhance its technological capabilities through training programs for employees, focusing on the latest advancements in manufacturing. Furthermore, the robust R&D division plays a vital role in adapting and improving acquired technologies like flow chemistry, enzymatic chemistry, electro chemistry to suit its specific needs and manufacturing processes efficiently. This continues our commitment to technological advancement.

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

- CMS division project details for the financial year 2024-2025

Particulars	No. of projects*
Total projects completed by CMS	90
Under progress CMS projects	35

**Projects do not refer to individual products but components of a bigger program.*

- Neuland filed DMF's details for the financial year 2024-2025

USDMFs

S. No.	DMF No.	Product
1.	38769	DABIGATRAN ETEXILATE MESYLATE
2.	39760	DAPAGLIFLOZIN PROPANEDIOL USP (MONOHYDRATE)
3.	39920	BRINZOLAMIDE (PROCESS-II, STERILE)
4	41197	EMPAGLIFLOZIN
5	41503	DIFELIKEFALIN ACETATE

CEP – 3 Filings
ROW – 15 Filings

- Neuland GDS ongoing project details for the FY 2024-2025: 11 Projects ongoing
- Life cycle management of the existing manufacturing processes for APIs resulted in lower production costs, reduced cycle times, and customer retention: 6 Projects completed during this financial year and 9 projects are ongoing.
- Neuland has filed 17 patent applications and no patent granted in India FY 2024-2025.

iii. Expenditure on R&D:

(₹ In lakhs)

	2024-25	2023-24
Capital	2,157.13	846.29
Recurring	3,966.64	3499.17
Total	6,123.77	4,345.46

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, 2025:

a. Foreign exchange earned in terms of actual Inflows: ₹ 99,839.15 lakhs.

b. Foreign exchange outgo in terms of actual Outflows: ₹ 20,591.99 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

S. No.	Name of the Directors & Key Managerial Personnel	Ratio of remuneration to median remuneration of employees	% increase/decrease[1] in remuneration over previous year
1.	Dr.D.R.Rao[2] *(Executive Chairman)*	163.95	(32.32)
2.	*Mr.D. Sucheth Rao[2] (Vice-Chairman & CEO)*	163.95	(32.23)
3.	Mr.D. Saharsh Rao[2] *(Vice Chairman & MD)*	163.95	(32.23)
4.	Dr. Christopher M. Cimarusti *(Non-Executive Director)*	4.57	(1.75)
5.	Dr Nirmala Murthy[3] *(Non-Executive Director)*	4.99	(3.16)
6.	Mr. Homi Rustam Khusrokhan *(Non-Executive Director)*	5.09	(3.70)
7.	Mr. Prasad Raghava Menon *(Non-Executive Director)*	4.83	2.07
8.	Mr. Sugata Sircar *(Non-Executive Director)*	4.93	7.09
9.	Ms. Pallavi Bakhru *(Non-Executive Director)*	5.09	10.64
10.	Mr. Abhijit Majumdar *(Chief Financial Officer)*	31.62	9.41
11.	Ms. Sarada Bhamidipati *(Company Secretary & Compliance Officer)*	7.50	12.91

1. 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

2. The provision for commission (profit-based) for the financial year 2024-25 has not been considered.

3. Ceased to be a Director upon completion of second term on May 7, 2025.

ii. the number permanent employees on the rolls of company as on March 31, 2025, was 1,794.

iii. The median remuneration of all employees who were present throughout the last & current financial year was ₹ 6,12,960 and ₹ 5,62,020 per annum for the financial year 2024-25 and 2023-24, respectively. The increase in median remuneration of employees for the financial year 2024-25, as compared to financial year 2023-24 is 9.06%.

iv. the commission (variable) payable to the directors is based on the annual performance of the Company, i.e., the Net Profit calculated as per the provisions of the Companies Act, 2013 ("the Act").

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 shareholder 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, 2025, 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 & nature of relationship	Duration of contract	Salient terms	Date of approval by Board, if any	Amount paid (₹ 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	20.29	-
Mrs. Vijaya Rao Relative of Key Managerial Personnel	5 years from July 1, 2024– Ongoing	Refer Note 2	May 16, 2019	91.68	-
Mr. Davuluri Sucheth Rao, Vice Chairman & Chief Executive Officer	5 years	Refer Note 3	February 11, 2020	145.10	-
Mr. Davuluri Saharsh Rao Vice Chairman & Managing Director	5 years	Refer Note 3	February 11, 2020	145.10	-

Note 1: The Shareholders had, at the Annual General Meeting held on July 7, 2021, approved a consultancy fee of US$ 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, 2024 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 ₹2.58 lacs per month effective July 1, 2024, 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 sft. per month for area admeasuring 25611.05 sqft amounting to ₹ 20.23 lacs 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)

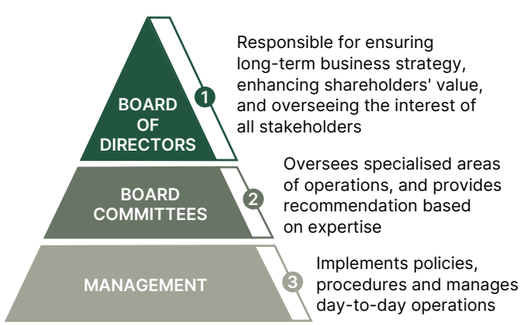
REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Your Company's corporate governance philosophy is designed to enhance the overall value for its stakeholders. It is based on principles of conducting the business with integrity and fairness, ensuring transparency in transactions, making necessary disclosures, and providing informed decisions. Your Company is committed to complying with applicable laws, demonstrating accountability, and responsibility towards stakeholders, all anchored by a commitment to ethical business practices.

Your Company's Corporate Governance standards uphold inalienable rights of its stakeholders and demonstrate a strong commitment to values, ethics, and business conduct. The Company consistently strives to manufacture high-quality products and provide reliable services through ethical practices. It is committed to operational and financial integrity, generating sustainable long-term returns for stakeholders, and ensuring accurate and transparent financial reporting. As a veteran in the regulated markets for APIs, your Company has established a credible track record with regulatory agencies like the USFDA, EDQM and PMDA, recognised as a reliable manufacturer of active ingredients. To achieve this, your Company has maintained commendable transparency with these agencies and our customers to whom we supply our products, thereby earning their trust and commitment. We will strive to create the same kind of transparency in all our stakeholder relationships.

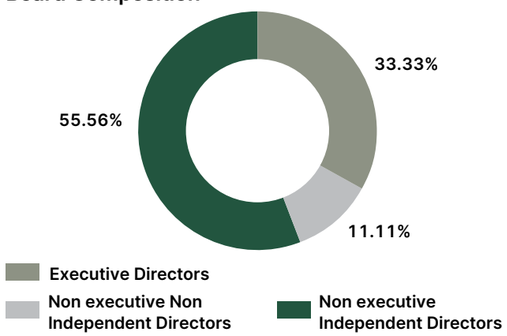
GOVERNANCE STRUCTURE AND DEFINED ROLES AND RESPONSIBILITIES



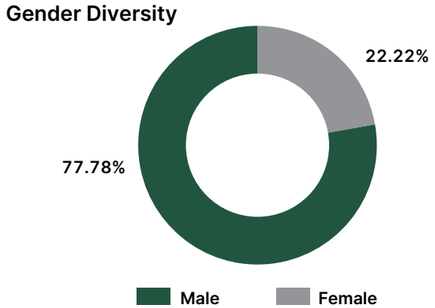
BOARD OF DIRECTORS

At Neuland, corporate governance is reinforced through the Company's Code of Conduct for Board Members and Senior Management Personnel, corporate governance guidelines and the Board charter. The Company has diverse Board and well-structured committees of Board for effective decision making.

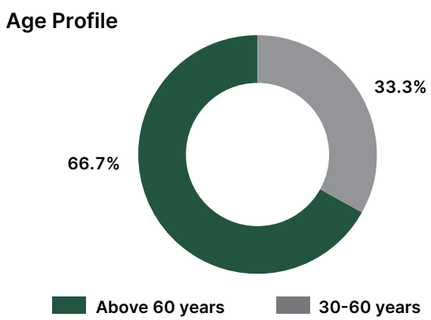
Board Composition



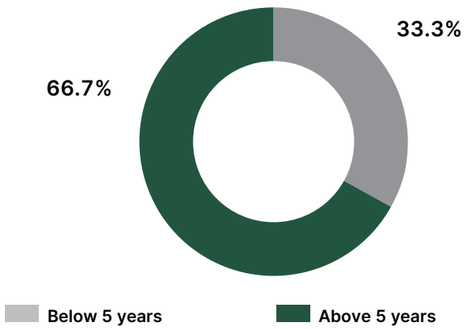
Gender Diversity



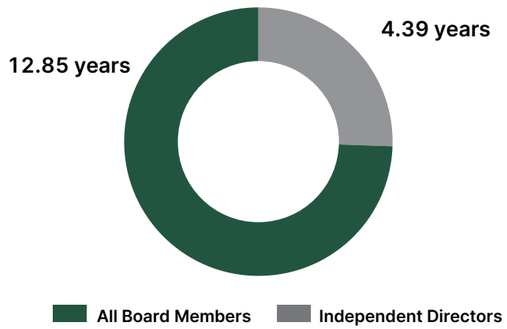
Age Profile



Tenure



Average Tenure (in years)



As of March 31, 2025, 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 nine directors, out of which five were non-Executive Independent Directors including two women directors. As on the date of this report, i.e. May 15, 2025, one independent director has retired upon completion of her term of appointment and the Board comprised of eight directors, out of which four are non-executive independent directors, including one women director. The directors of the Company have confirmed that they do not serve as Independent Director in more than seven listed Companies or in case they are 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, 2025:

Name of the Directors	Category	No. of shares held in the Company	Directorship in other companies[2]		Membership and Chairpersonship of the Committees of the Board of other companies[3]	
			Number	Names of listed entities along with the category	Chairperson	Member
Dr. Davuluri Rama Mohan Rao[1] DIN : 00107737	Non-Independent, Executive, Promoter	2,09,300	2	-	-	-
Mr. Davuluri Sucheth Rao[1] DIN : 00108880		2,57,969	3	-	-	-
Mr. Davuluri Saharsh Rao[1] DIN : 02753145		2,07,625	1	-	-	-
Dr. Christopher M. Cimarusti DIN : 02872948	Non-Independent, Non-Executive	-	-	-	-	-
Dr. Nirmala Murthy[4] DIN: 00734866	Independent, Non-Executive	-	-	-	-	-
Mr. Homi Rustam Khusrokhan DIN:00005085		-	2	- Strides Pharma Science Limited (Non-Executive Independent Director)	1	1
Mr. Prasad Raghava Menon DIN:00005085		80	2	- Data Patterns (India) Limited (Non-Executive Independent Director) - Chemplast Sanmar Limited (Non-Executive Independent Director)	-	2

Name of the Directors	Category	No. of shares held in the Company	Directorship in other companies[2]		Membership and Chairpersonship of the Committees of the Board of other companies[3]	
			Number	Names of listed entities along with the category	Chairperson	Member
Mr. Sugata Sircar DIN:01119161		-	2	-	-	-
Ms. Pallavi Joshi Bakhru DIN: 01526618		-	5	- Gabriel India Ltd (Non-Executive Independent Director) - Hindustan Zinc Limited (Non-Executive Independent Director) - Vedanta Ltd (Non-Executive Independent Director)	2	5

[1] Dr. Davuluri Rama Mohan Rao, Mr. Davuluri Sucheth Rao and Mr. Davuluri Saharsh Rao are related to each other

[2] Includes directorship in Private Limited companies; excludes directorship in Foreign Companies

[3] Only Membership / Chairmanship in Audit and Stakeholders Relationship Committee are considered

[4] Ceased to be a Director upon completion of second term on May 7, 2025

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/sites/neulandlabs/files/neuland-labs/Investors/corporate-governance/policies-and-documents/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/sites/neulandlabs/files/neuland-labs/Investors/corporate-governance/policies-and-documents/criteria-for-determining-qualifications-positive-attributes-and-independence-of-a-director.pdf

No Permanent Board Seat

Effective April 1, 2024, SEBI has amended the SEBI Listing Regulations to require shareholder approval for a director's continuation on the Board at least once every five years from the date of their appointment or re-appointment.

As of March 31, 2025, no directors held permanent board seats. All directors were either serving fixed terms not exceeding five years and/or were subject to retirement by rotation at least once every two years.

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.

Familiarisation Program of Independent Directors

The Independent Directors of the Company are eminent personalities having wide experience in the field of business, finance, pharmaceutical industry, research & development, taxation, administration and general management. Their presence on the Board has been invaluable in facilitating prudent 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, sustainability, risk management framework, financial matters and business operations on a one-to-one basis.

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. In addition to the above, the Company organised three separate sessions on environment, artificial intelligence and technological advancements to the 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/sites/neulandlabs/files/neuland-labs/Investors/corporate-governance/policies-and-documents/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 Ethical Conduct
- 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
- Supplier Code of Conduct
- Anti-Bribery, Anti-Corruption and Anti-Money Laundering Policy

Board Meetings held during the financial year ended March 31, 2025

During the year, the Board met six times on May 10, 2024, August 1, 2024, November 6, 2024, January 21, 2025, February 10, 2025, and February 11, 2025. The Board members were either present in person or through video conference for the meetings of the Board and its Committees. The necessary quorum was present, either in person or by means of video conference, for all the meetings of the Board and its Committees. The maximum gap between any two Board Meetings was less than one hundred and twenty days. Every director shall attend at least one Board meeting in a financial year, as per the Board Charter. For the year, the minimum attendance requirement was 16.7% since 6 board meetings were held. The average board attendance during the year was 100 %. Details of attendance of individual directors is as below:

Name of the Director	Meetings held during the Year	Meetings attended	% of attendance
Dr. Davuluri Rama Mohan Rao	6	6	100
Mr. Davuluri Sucheth Rao	6	6	100
Mr. Davuluri Saharsh Rao	6	6	100
Dr. Christopher M. Cimarusti	6	6	100
Dr. Nirmala Murthy	6	6	100
Mr. Homi Rustam Khusrokhan	6	6	100
Mr. Prasad Raghava Menon	6	6	100
Mr. Sugata Sircar	6	6	100
Ms. Pallavi Joshi Bakhru	6	6	100

All the members of the Board of Directors attended the last Annual General Meeting ("AGM") of the Company held on July 31, 2024, through video conference/other audio-visual means ("VC/OAVM").

Meetings of Independent Directors

During the year under review, a separate meeting of the Independent Directors of the Company was held on February 11, 2025, without the presence of non-Independent Directors and members of the management. All the independent directors attended the meeting. The whole-time directors provide response on the action taken on the guidance received from the Independent Directors to the Board members.

Further, the Independent Directors had separate meetings with the auditors of the Company on February 10, 2025. The Statutory Auditors, the Secretarial Auditors and the Internal Auditors met them without the presence of non-Independent Directors and members of the management.

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 Act.

Board Procedures

The Board and Audit Committee meetings are scheduled in advance, and an annual calendar of these meetings is shared with the Directors well ahead of time. This allows them to plan their schedules and ensures meaningful participation in the meetings. Additional meetings are convened as needed. The Company provides video conference facilities to facilitate remote participation, minimising the absence of the directors whenever possible.

For special and urgent business matters, the Board or Committee(s) approval is obtained through resolutions circulated among the members, as permitted by law. This resolution is taken on record in the subsequent Board or Committee meeting.

To facilitate effective discussions during Board or Committee meetings, the agenda is divided into items requiring approval and for taking on record. Any clarifications or queries related to items to be taken on record by the Board or Committee are addressed beforehand, ensuring focused and productive discussions during the meetings. The Board reviews the performance of the Company including the Company's quarterly performance, financial results, subsidiary's financials, compliance reports, fund position, unclaimed dividend status, foreign currency position, capital expenditure, Enterprise Risk Management, progress on ESG journey and such other matters as required by the Act, SEBI Listing Regulations, and other applicable laws.

All the non-executive directors have unrestricted access to the members of the senior management team for seeking inputs and clarifications, if any.

On an annual basis, the Board also reviews overall strategy and approves annual capital expenditure and operating budgets and business plans. It offers guidance and strategic direction to the Management, considering domestic and international economic developments, sectoral changes, competition, and government regulations.

Information Flow to the Board

The Board has complete access to all information related to the Company, including access to members of management. The Company Secretary ensures that the Board and the Committees are provided with the necessary information, details, and documents to facilitate informed decision-making. The agenda for board meeting is determined by the Chairman of the Board and the Company Secretary in consultation with the CEO, and for the committee meetings by the respective Committee chairpersons.

In preparing the agenda, explanatory notes and minutes of the meeting(s) and the meeting procedures, due care is taken to ensure adherence to the Act, the Rules made thereunder, SEBI Listing Regulations, Secretarial Standards issued by the Institute of Company Secretaries of India ("ICSI"), and other applicable laws.

To maintain the confidentiality of the agenda and other Board papers, and to take advantage of technology while reducing paper usage, the Company distributes the agenda and accompanying notes to Directors and Committee members via a secure web-based application. This application, which can be accessed through hand-held devices, laptops, iPads, and browsers, adheres to high security standards necessary for the storage and transmission of documents for Board and Committee meetings. The Company circulates all material information before meetings, including minimum information required pursuant to Part A of Schedule II of the SEBI Listing Regulations. The Board provided its unanimous consent for circulation of all information in the nature of unpublished price sensitive Information to the Board and its Committees at a shorter notice before the meetings, as may be required. The management strives to continuously enhance the quality of information provided to the Board for decision making and keeps them regularly updated on key developments.

The Company Secretary attends all the meetings of the Board and Committee meetings. The Company Executives also attend the meetings with the Chairperson's permission to provide responses and insights wherever required and providing an opportunity for the directors to interact with the management team.

In accordance with the Secretarial Standard on Meetings of the Board of Directors ("SS – 1") issued by ICSI, draft minutes are sent to members for their comments.

Post-meeting follow-up mechanism

The company's governance procedures encompass follow-up, evaluation, and reporting mechanism for post-meeting action reports and pending discussions for the Board and its Committees. The Board and its committees monitor the progress made on their decisions through the Action Taken Report.

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-a-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	Cyber Security
Dr. Davuluri Rama Mohan Rao	✓	✓	✓	✓	✓	✓	✓	✓	✓	⊗
Mr. Davuluri Sucheth Rao	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Davuluri Saharsh Rao	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Christopher M. Cimarusti	✓	✓	⊗	✓	✓	✓	⊗	⊗	⊗	⊗
Dr. Nirmala Murthy[1]	✓	✓	⊗	⊗	✓	✓	✓	⊗	⊗	⊗
Mr. Homi Rustam Khusrokhan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Prasad Raghava Menon	✓	✓	✓	✓	✓	✓	✓	⊗	⊗	⊗
Mr. Sugata Sircar	✓	✓	✓	✓	✓	✓	✓	✓	✓	⊗
Ms. Pallavi Joshi Bakhru	⊗	✓	✓	✓	✓	✓	✓	✓	✓	✓

[1] Ceased to be a a Director upon completion of second term on May 7, 2025

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 director's biographies on pages 28 to 31 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.

Particulars of Senior Management and changes therein since the close of the previous financial year

Name	Designation	Changes if any, since the previous financial year	Nature of Change and effective date
Mr. Y Sudheer	Sr. Vice President-Global API Sales	No	-
Mr. N Sundar	Chief Procurement Officer	No	-
Mr. Mothey Srinivas Reddy	Sr. Vice President - Production	Yes	Resigned w.e.f. January 31, 2025
Mr. Hemchandra Peruvelli	Chief Human Resources Officer	No	-
Mr. Abhijit Majumdar	Chief Financial Officer	No	-
Mr. Sarada Bhamidipati	Company Secretary and Compliance Officer	No	-
Mr. Sharadsrikar Venkatesan Kotturi	Chief Scientific Officer	No	-
Mr. Ashutosh Kumar Sinha	Chief Quality Officer	No	-
Mr. Parag Dilip Deshmukh	Head Manufacturing	Yes	Appointed w.e.f March 10, 2025

1. Committees of the Board

The Board Committees have been constituted to address specific areas or activities as required by applicable rules and regulations or as delegated by the Board.

The Committees' terms of reference outline their scope, authority, responsibilities, and composition. The minutes of the meetings of all Committees are placed before the Board for its perusal. The Committee Chairpersons update the Board on the discussions and recommendations made by the Committee members. During the year, all recommendations of the Committees of the Board which were mandatorily required have been approved by the Board.

In view of the reconstitution of the Board due to retirement of Dr. Nirmala Murthy upon completion of her tenure, the Board Committees have been reconstituted as necessary, effective from April 1, 2025.

a. Audit Committee

The terms of reference of the Audit Committee cover the areas as contemplated under Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI Listing Regulations, besides other terms as referred by the Board of Directors. The terms of reference include:

a. 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;

b. Recommendation for appointment, remuneration and terms of appointment of auditors of the listed Company;

c. Approval of payment to statutory auditors for any other services rendered by Statutory auditors;

d. Reviewing with management, the annual financial statements and auditor's report thereon before submission to the Board for approval, focusing primarily on:

i. 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;

ii. changes, if any, in accounting policies and practices and reasons for the same;

iii. major accounting entries involving estimates based on the exercise of judgement by management;

iv. significant adjustments made in the financial statements arising out of audit findings;

v. compliance with listing and other legal requirements concerning financial statements;

vi. 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 utilised for purpose other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation 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 or 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 CFO (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 subsection (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 and SEBI Regulations, as amended from time to time.

The Audit Committee diligently reviews a range of information, including internal audit reports related to internal processes and controls, management analysis of financial condition and results of operations, audit reports, related party transactions and approvals, the reports and certificates placed before it. This encompasses statutory compliance reports and other reports such as compliance with

insider trading and whistle blower mechanism, the appointment of auditors and such other matters as prescribed from time to time.

The Audit Committee presently comprises of four Independent Directors and the Chairman of the Audit Committee is an Independent Director. All members of the Audit Committee are independent directors and financially literate, with majority of the members having financial management expertise by virtue of their experience and background.

During the year, the Committee met four times on May 10, 2024, August 1, 2024, November 6, 2024, and February 10, 2025:

Name of Member	Meetings held during the Year	Meetings attended	% of attendance
Mr. Homi Rustam Khusrokhan, Chairperson	4	4	100
Dr. Nirmala Murthy, Member[1]	4	4	100
Mr. Sugata Sircar	4	4	100
Ms. Pallavi Bakhru	4	4	100
Mr. Prasad Menon[2]	-	-	-

[1] Ceased to be a member upon completion of second term as an independent director on May 7, 2025

[2] Appointed with effect from April 1, 2025

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 Directors, the Statutory Auditor, the Internal Auditor, other Independent Directors and Management Team as may be necessary, 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 three non-Executive Independent Directors. During the year, the Committee met thrice on May 10, 2024, July 18, 2024, and February 4, 2025:

Name of Director	Meetings held during the Year	Meetings attended	% of attendance
Mr. Homi Rustam Khusrokhan, Chairperson	3	3	100
Mr. Prasad Menon, Member	3	3	100
Ms. Pallavi Bakhru	3	3	100

Board Evaluation

The Company has a structured process to evaluate the effectiveness of the Board, its Committees, and each Director, including the Chairman. The evaluations are confidential, and Directors provide feedback through ratings on various metrics, including attendance, expertise mix, relevance of experience, participation, and overall contribution during meetings and other relevant interactions. For the year under review, the Board has undertaken an annual self-assessment to enhance its effectiveness and that of its committees pursuant to the Act and SEBI Listing Regulations. During their separate meeting, the Independent Directors reviewed the performance of Non-Independent Directors, the Board as a whole, and the Chairman, considering the views of other Directors. The Board also reviewed succession planning, and the quality, quantity and timeliness of information flow between the Company management and the Board, as may be required by the Board to effectively and reasonably perform their duties. The guidelines for evaluation of Board and Committees are available on the website of the Company at https://www.neulandlabs.com/en/investors/corporate-governance/policies-and-documents.

The overall performance evaluation exercise was completed to the satisfaction of the Board. The outcome of evaluation was presented to the Board and key outcomes, actionable areas and the same would be acted upon.

The Board Committees were also found to be effective in terms of its composition, functioning and contribution and the Board would engage further on the areas to be actioned upon.

Succession Planning

The Board assesses the contributions of its members and recommends their reappointment if deemed appropriate upon the expiration of their respective tenures. The Company recognises that succession planning is crucial for ensuring the Company's continuity and sustainability. It actively strives to maintain a well-balanced blend of skills and experience within the organisation and the Board, aiming to introduce fresh perspectives while retaining experience and continuity. The Company has established a Policy for the Appointment of Independent Directors to the Board. This policy outlines the process to be followed for appointing Independent Director(s), including criteria for shortlisting candidates and essential attributes.

Prior to appointing an Independent Director, the Nomination and Remuneration Committee assesses the combination of skills, knowledge, and experience present on the Board. Based on this evaluation, it formulates a detailed description outlining the role and essential capabilities expected of an Independent Director. Subsequently, the NRC reviews the profile of potential candidates, engages in interactions with them, and ultimately selects the most suitable candidate for the appointment.

The Board, with the assistance of the Nomination and Remuneration Committee and working with the Executive Council and the Human Resources Department, appoints senior management and oversees senior management development and corporate succession plans to provide for continuity in senior management.

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/en/investors/corporate-governance/policies-and-documents.

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. It aims to provide to Key Managerial Personnel and Senior Management with rewards linked to their effort, performance, dedication, and achievements relating to the Company's operations.

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

During the year, the Board, based on the recommendation of the Nomination and Remuneration Committee, approved a Long-term Incentive Plan for identified employees at various levels to ensure that such employees participate in the growth of the Company.

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

Directors' Remuneration

The details of remuneration paid or payable to the Directors for the financial year ended March 31, 2025, are as under:

(Amount in ₹ lacs)

Name of Director	Salary	Perquisites and other benefits[1]	Commission[2]	Sitting fee	Total
Dr. Davuluri Rama Mohan Rao[3]	374.15	75.85	555.00	N.A.	1,005.00
Mr. Davuluri Sucheth Rao[3]	374.25	75.75	555.00	N.A.	1,005.00
Mr. Davuluri Saharsh Rao[3]	374.25	75.75	555.00	N.A.	1,005.00
Mrs. Bharati Rao[4]	N.A.	N.A.	-	0.20	0.20
Dr. Nirmala Murthy[5]	N.A.	N.A.	25.00	5.60	30.60
Dr. Christopher M. Cimarusti	N.A.	N.A.	25.00	3.00	28.00
Mr. Homi Rustom Khusrokhan	N.A.	N.A.	25.00	6.20	31.20
Mr. Prasad Raghava Menon	N.A.	N.A.	25.00	4.60	29.60
Mr. Sugata Sircar	N.A.	N.A.	25.00	5.20	30.20
Ms. Pallavi Joshi Bakhru	N.A.	N.A.	25.00	6.20	31.20

[1]Perquisites and other benefits include Provident Fund

[2]Commission will be paid post approval of financial statements by the shareholders of the Company in the ensuing Annual General Meeting

[3]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

[4] Ceased to be a Director upon completion of second term on May 8, 2024

[5]Ceased to be a Director upon completion of second term on May 7, 2025

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

During the financial year 2024-25, 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. Dr. D.R. Rao, Executive Chairman and Mr. Davuluri Sucheth Rao, the Vice Chairman & CEO have not received any remuneration or commission from any of the subsidiary companies.

c. Risk and Sustainability Committee

To further strengthen its commitment and enhance the Board's oversight on sustainability and Environmental, Social, and Governance ("ESG) matters, the Board of Directors expanded the scope of the Risk Management Committee. This expansion includes the inclusion of sustainability and ESG-related matters within the Committee's purview, resulting in the renaming of the Committee as the 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 2024-25, the Committee met twice on May 3, 2024, and November 4, 2024:

Composition and Attendance

Name of Director	Meetings held during the Year	Meetings attended	% of attendance
Mr. Prasad Raghava Menon, Chairperson	2	2	100
Mr. Homi Rustam Khusrokhan, Member	2	2	100
Mr. Davuluri Sucheth Rao, Member	2	2	100
Mr. Davuluri Saharsh Rao, Member	2	2	100

The maximum gap between any two meetings was less than two hundred and ten 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 dematerialised 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 2024-25, the Committee met twice on May 10, 2024, and February 10, 2025:

Composition and Attendance

Name of Director	Meetings held during the Year	Meetings attended	% of attendance
Ms. Pallavi Bakhru, Chairperson	2	2	100
Mr. Davuluri Sucheth Rao, Member	2	1	50
Mr. Davuluri Saharsh Rao	2	2	100

The company promptly addresses investor grievances and correspondence, typically responding within the specified timeframes.

During the financial year 2024-25, the Company has received three complaints from a member/ stock exchanges/ SEBI relating to name correction, issue of duplicate share certificates/issue of entitlement letter and status of shareholding. The complaints received was duly attended to and the Company has furnished necessary information to the complainant(s). There were no complaints pending as on March 31, 2025. 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 10, 2024, and February 10, 2025:

Composition and Attendance

Name of Director	Meetings held during the Year	Meetings attended	% of attendance
Dr. Nirmala Murthy, Chairperson[1]	2	2	100
Mr. Prasad Raghava Menon, Member[2]	2	2	100
Dr. Davuluri Rama Mohan Rao, Member	2	2	100
Mr. Davuluri Sucheth Rao, Member	2	2	100
Mr. Davuluri Saharsh Rao, Member	2	2	100
Ms. Pallavi Bakhru[3]	-	-	-

[1] Ceased to be a member upon completion of second term as an independent director on May 7, 2025

[2] Appointed as Chairperson of the Committee with effect from May 8, 2025

[3] Appointed as Member of the Committee with effect from April 1, 2025

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, if required. There was no business requirement to hold a meeting of the Finance Committee during the year.

Compliance officer

The 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 and has an oversight on the statutory compliances. She acts as the Secretary to all the Board committees.

2. General Body Meetings

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

Year	Date	Day	Time	Venue
2022	August 2, 2022	Tuesday	11:00 a.m.	Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")
2023	July 27, 2023	Thursday	11:00 a.m.	Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")
2024	July 31, 2024	Wednesday	10:00 a.m.	Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")

Special Resolutions passed at the last three AGMs

Date of AGM	August 2, 2022	July 27, 2023	July 31, 2024
Item	-	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. To adopt a new set of Articles of Association of the Company as per the Companies Act, 2013. c. Re-appointment of Mr. Davuluri Sucheth Rao (DIN: 00108880), as Whole Time Director, designated as Vice Chairman & Chief Executive Officer d. Appointment of Mr. Sugata Sircar (DIN: 01119161), as an Independent Director of the Company e. Appointment of Ms. Pallavi Bhakru (DIN: 01526618), as an Independent Director of the Company f. Continuation of directorship of Mrs. Bharati Rao (DIN: 01892516), as Non-Executive Independent Director on attaining the age of 75 years g. Re-appointment of Mr. Homi Rustam Khusrokhan (DIN: 00005085), as an Independent Director of the Company for a further period of five years h. Re-appointment of Dr. Davuluri Rama Mohan Rao (DIN: 00107737), as Whole Time Director, designated as Executive Chairman i. Revision in remuneration payable to Mr. Davuluri Saharsh Rao (DIN: 02753145), Whole Time Director, designated as Vice Chairman & Managing Director	-

No Extraordinary General Meeting of the members was held during the financial year 2024-25.

No resolutions were required to be passed by the members of the Company through Postal Ballot during the financial year 2024-25.

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 41st Annual General Meeting, being sent to the shareholders as a separate document, along with the Integrated Annual Report for FY 2025.

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/en/investors/corporate-governance/policies-and-documents.

No loans or advances, in the nature of debt, were given to the directors or firms or companies in which directors of the Company are interested.

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

The Company is committed to highest standards of ethical, moral and legal business conduct. Your Company has a Whistle Blower Policy, which is available on the Company's website at https://www.neulandlabs.com/en/investors/corporate-governance/policies-and-documents. 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 a 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. Copies of these reports are available on the website of the Stock Exchanges where the Company's shares are listed.

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 for Board Members and Senior Management Personnel

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, 2025. A certificate from the Vice Chairman & Chief Executive Officer to this effect is attached to this Report.

f. Code of Conduct for Suppliers

The Company is committed to conducting business with entities and individuals who uphold professionalism and integrity in their operations and strives to collaborate with supply chain partners who place high value on sustainability and prioritise Environmental, Social and Governance (ESG) factors. The Company has established a Supplier Code of Conduct, applicable to organisations or individuals supplying services, raw materials,

components, intermediates, finished goods, or any other products.

g. Allotment of shares

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

h. 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.

i. 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.

j. 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 (Insider Trading Code). The disclosures, if any, received pursuant to this Code and the regulations are disseminated to the Stock Exchanges within the prescribed timelines and a report on compliance is being duly placed before the respective Audit Committee and Board Meetings.

The Company takes several measures to familiarise and sensitise its employees with the provisions and various aspects of the Insider Trading Code, including periodic circulation of informative emails on Prevention of Insider Trading, Do's and Don'ts, Trading Window closure notifications, and providing clarifications to the designated persons as and when required. The management also conducted trainings for the Designated Employees to create awareness on various aspects of the Company's Insider Trading Code and the SEBI Insider Trading Regulations and to ensure that the internal controls are adequate and effective to ensure compliance.

These activities have created awareness amongst the Designated Persons. The Audit Committee is provided a quarterly update on the status of compliance with the provisions of the SEBI Insider Trading Regulations.

k. Anti-Bribery, Anti-Corruption and Anti-Money Laundering

Your Company is committed to conducting its business ethically while maintaining the highest level of professional and ethical standards. In line with this commitment the Company has in place Anti-Bribery and Anti-Corruption (ABAC) & Anti-Money Laundering (AML) Policy that outlines the Company's stance and exhibits our commitment to meet ABAC and AML requirements. The Policy is aimed at providing guidance to all stakeholders, on compliance with the applicable laws and regulations.

l. Statutory Compliance Monitoring System

The company has a robust process and dedicated team in place to ensure timely updates on adherence to applicable legal compliances, using a customised web-based program that provides a centralised monitoring and tracking mechanism. During the year under review, the Company has revisited the applicability of legislations and compliances as a green-field project, in collaboration with a third-party consultant and the respective functional heads and updated all the statutory compliances and upgraded the software and conducted related workshops. The Company also has a mechanism in place for timely updation of new compliances arising from regulatory changes, in consultation with the respective functions. The Board is provided with a status update on adherence to the compliances generated from the software, on a quarterly basis.

m. Disclosure relating to Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013

Your Company is committed to creating a workplace that fosters diversity, equality, mutual trust and equal opportunity, and all anchored by a deep respect for human rights. In line with this commitment and in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013, the Rules made thereunder, the Company has established a gender-neutral policy aimed at upholding the safety and dignity of all employees, ensuring a respectful and secure work environment. The Company has adhered to the required provisions by establishing an Internal Committee, which includes both internal members and an external member with extensive experience in the field, to ensure compliance and address relevant matters. Additionally, the policy provides protection for contract workers, probationers, temporary employees, trainees, apprentices of the Company, and any person visiting the Company's office. The Company has established an effective mechanism to address complaints of sexual harassment in the workplace.

The Company conducts online and offline awareness sessions and refresher programs minimum once a year, ensuring employees understand and acknowledge the Policy. Additionally, the induction program for new joiners includes training on this Policy, and their understanding is assessed. A separate program is conducted for Committee members by an external trainer to enhance their understanding of current trends and best practices in governance and compliance.

Three complaints of sexual harassment received during the financial year 2024-25 by the Company were investigated in accordance with the procedures prescribed and adequate steps were taken to resolve them.

n. Compliance Certificate 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 Schedule V of the SEBI Listing Regulations, a certificate from a Practicing Company Secretary on Corporate Governance is annexed to this Integrated Annual Report.

Secretarial Compliance Report

SEBI, vide its Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019, read with Regulation 24A of the Listing Regulations, mandated that listed entities conduct an Annual Secretarial Compliance Audit by a Practicing Company Secretary to ensure adherence to all applicable SEBI Regulations and circulars/guidelines issued thereunder. In addition to the Secretarial Audit Report under Form No. MR-3, a Secretarial Compliance Report is required to be submitted to the Stock Exchanges within 60 days from the end of the financial year. The Company has appointed M/s. P.S.Rao & Associates, Company Secretaries, Secretarial Auditor of the Company, to provide this certification. On a voluntary basis, the Company is publishing the Secretarial Compliance Report, which has been annexed to this Integrated Annual Report.

Certificate of non-disqualification of directors

A certificate, as required under Part C of Schedule V of the SEBI Listing Regulations, was received from a Company Secretary in Practice confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Company by SEBI/MCA or any such statutory authority. This certificate was presented to the Board of Directors at their meeting held on May 15, 2025, and is included as part of this Integrated Annual Report.

o. Disclosure on resignation of Independent Directors

During the year under review, none of the Independent Directors of the Company have resigned before the expiry of their tenure. Thus, disclosure of detailed reasons for their resignation along with their confirmation that there are no material reasons, other than those provided by them is not applicable.

p. 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.

q. 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, 2025, 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.

r. **Secretarial Standards**

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

s. **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.

t. **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.

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

v. **Statutory Auditor's Fees/Compensation for FY 2024-25**

The total fees paid by the Company to the Statutory Auditors for FY 2024-25 is set out in Note No. 28 of the Standalone Financial Statements, forming part of the Annual Report.

w. **Disclosure of certain types of agreements binding the Company**

No agreement has been entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the Company or of its subsidiary Company among themselves or with the Company or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the Company or impose any restriction or create any liability upon the Company.

x. **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.

The Company engages in periodic discussions with Institutional Investors and Equity Analysts about its performance. Any presentations made during these meetings and calls are also accessible on the Company's website at https://www.neulandlabs.com/en/investors/investor-meetings/investor-presentations

The Integrated Report has been prepared as per the Integrated Reporting framework by International Integrated Reporting Council.

TUV India Private Ltd has provided Reasonable assurance for certain statutory and non-financial data covered in this Integrated Report, including metrics and information associated with the Global Reporting Initiative (GRI) framework and related ESG information.

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/en/investors/corporate-governance/policies-and-documents. 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 ensures dissemination of applicable information under Regulation 46(2) of the SEBI Listing Regulations on the Company's website at https://www.neulandlabs.com/en/investors/disclosures-under-regulation-46-sebi-listing-regulations

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, within the stipulated timelines.

Quarterly Results	The results of the Company are published in the newspapers
Newspapers wherein results are normally published	One national (English) business newspaper and in one vernacular (Telugu) newspaper
Any website where displayed	www.neulandlabs.com
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

Interaction with the Institutional Investors and Analysts: The Vice Chairman and Managing Director, Chief Financial Officer and Head - Corporate Planning & Strategy of the Company meet and interact with the Analysts and Institutional Investors as per the plan created by the IR team and requests received. The schedule of Group meetings and conferences is disseminated to the Stock Exchanges in compliance with the SEBI Listing Regulations. The discussions are based on publicly available information and no price sensitive information is disclosed by the Company officials.

Reminders to Investors: Reminders are, *inter alia*, sent to shareholders for registering their PAN, KYC & Nomination detail and claimed unclaimed dividend and transfer of shares thereto.

Green Initiatives: In compliance with the provisions of Section 20 of the Act and as a continuing endeavour towards the 'Go Green' initiative, the Company proposes to send all correspondence/ communications through email to those shareholders who have registered their email id with their depository participant's/Company's RTA.

5. General Shareholders Information

Annual General Meeting

Date, Time and Venue: Forty-First Annual General Meeting of the Members of the Company will be held on July 30, 2025 at 10.00 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, 2025	July, 2025
September 30, 2025	November, 2025
December 31, 2025	February, 2026
March 31, 2026	May, 2026

Final Dividend

Date of recommendation: May 15, 2025

Record date: July 18, 2025

Payment date: on or after August 11, 2025

Listing Details

Name of Stock Exchanges & Codes	Address
BSE Limited (BSE) – 524558	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.
National Stock Exchange of India Limited (NSE) – NEULANDLAB	Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 001.

Payment of Listing Fees and Depository Fees

For the financial year 2025-26, the Company has paid (i) annual listing fees to BSE and NSE and (ii) Annual Custody/Issuer fees to National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL").

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

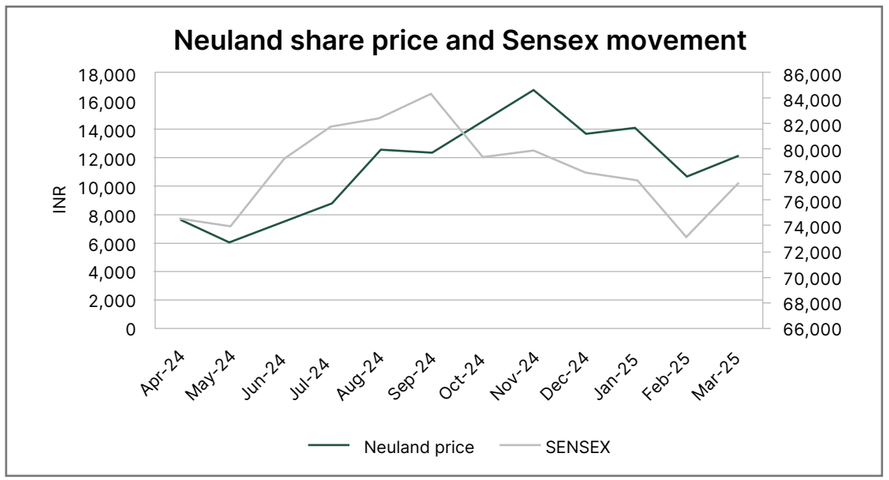
There are no outstanding stock options in the Company.

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 mobilisation of funds. India Ratings and Research has rated the short-term borrowings and long-term borrowings of the Company as A+/Positive and A+/Positive respectively.

Share price movements 2024-25

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)
2024	April	7,794.00	5,987.00	7,600.75	7,790.00	5,989.95	7,593.45
	May	7,777.85	5,950.80	6,040.20	7,749.00	5,980.10	6,033.70
	June	7,690.00	5,557.00	7,483.05	7,689.80	5,540.10	7,484.90
	July	9,093.85	7,497.00	8,748.50	9,099.90	7,496.05	8,758.35
	August	12,748.90	8,728.65	12,520.50	12,710.50	8,756.00	12,502.20
	September	13,600.00	11,600.00	12,391.60	13,630.00	11,601.00	12,386.40
	October	16,501.00	10,791.15	14,621.75	16,524.95	11,100.00	14,606.60
	November	16,870.00	12,798.85	16,691.40	16,877.70	12,816.00	16,709.30
	December	18,089.55	13,377.35	13,727.80	18,100.00	13,366.70	13,723.80
2025	January	15,152.00	12,416.50	14,134.15	15,165.85	12,370.00	14,123.35
	February	15,219.00	10,239.25	10,617.15	15,220.00	10,222.65	10,611.00
	March	12,793.00	10,200.00	12,076.95	12,797.40	10,190.70	12,071.55



Registrar and Transfer Agents

KFin Technologies 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	1,000
No. of shareholders who approached the Company for transfer of shares from suspense account during the year	1	100
No. of shareholders to whom shares were transferred from unclaimed shares suspense account during the year	1	100
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on March 31, 2025	8	900

The voting rights on the shares outstanding in the suspense account as on March 31, 2025, shall remain frozen till the rightful owner of such shares claims the shares.

Details of Suspense Escrow Demat Account

In accordance with the requirements of SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022 the Company has opened a Suspense Escrow Demat Account with a Depository Participant for transfer of shares lying unclaimed for more than 120 days from the date of issue of Letter of Confirmation to the shareholders in lieu of physical share certificate(s) to enable them to make a request to Depository Participant for dematerialising their shares.

During the year under review, no shares were transferred to the Company's Suspense Escrow Demat Account.

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.

During the year under review, no 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 were transferred to IEPF.

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. 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 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 Companies Act, 2013 and the dates by which they need to be transferred is given below:

Financial year	Date of declaration	Due date for transfer to IEPF
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	August 2, 2022	September 1, 2029
2022-23	July 27, 2023	August 26, 2030
2023-24	July 31, 2024	August 30, 2031

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.

During the year under review, the Company had sent individual notices and issued advertisements in the newspapers, requesting the shareholders to claim their dividends in order to avoid transfer of shares/ dividends to the IEPF. Details of the unclaimed dividend and shareholders whose shares are liable to be transferred to the IEPF Authority are available on the website of the Company at https://www.neulandlabs.com/en/investors/investor-services/unpaid-and-unclaimed-dividend

Nodal Officer & Deputy Nodal Office

In accordance with the IEPF Rules, the Board of Directors of the Company has appointed Ms. Sarada Bhamidipati, Company Secretary and Compliance office as the Nodal officer of the Company and Mr. Rohiit Konda as the Deputy Nodal Officer of the Company.

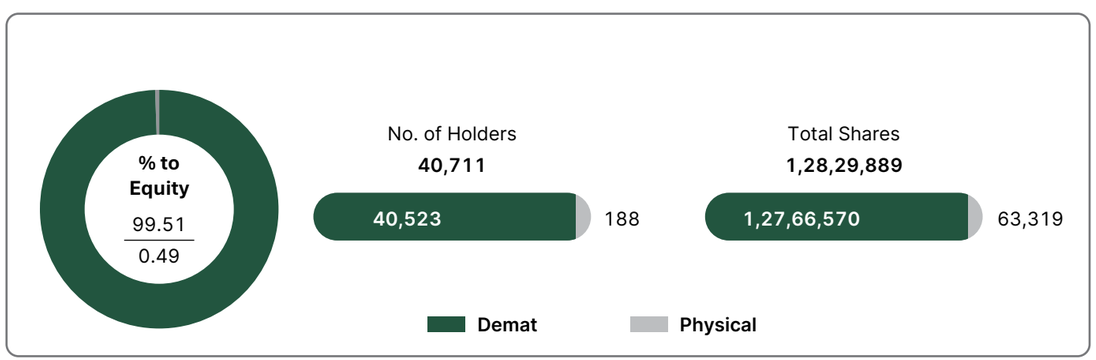
Contact information of the Nodal Officer for the purpose of co-ordination with the IEPF Authority are available on the website of the Company at https://www.neulandlabs.com/en/investors/investor-services/investor-contacts

Advisory by the IEPF Authority

It has been observed by the IEPF Authority that the claimants are not attaching the entitlement letter issued by the companies while filing web form IEPF-5. Accordingly, the IEPF Authority vide its Circular dated April 5, 2024, *inter alia*, has reiterated that the companies may reject claims which have been filed by the claimants without proper entitlement letter.

In accordance with the above, the claimants are requested to adhere to the aforesaid requirement and submit duly signed entitlement letter issued by the Nodal Officer/Deputy Nodal Officer of the Company while filing web form IEPF-5.

Dematerialisation of Shares



As on March 31, 2025

The Company's equity shares are actively traded on BSE and NSE.

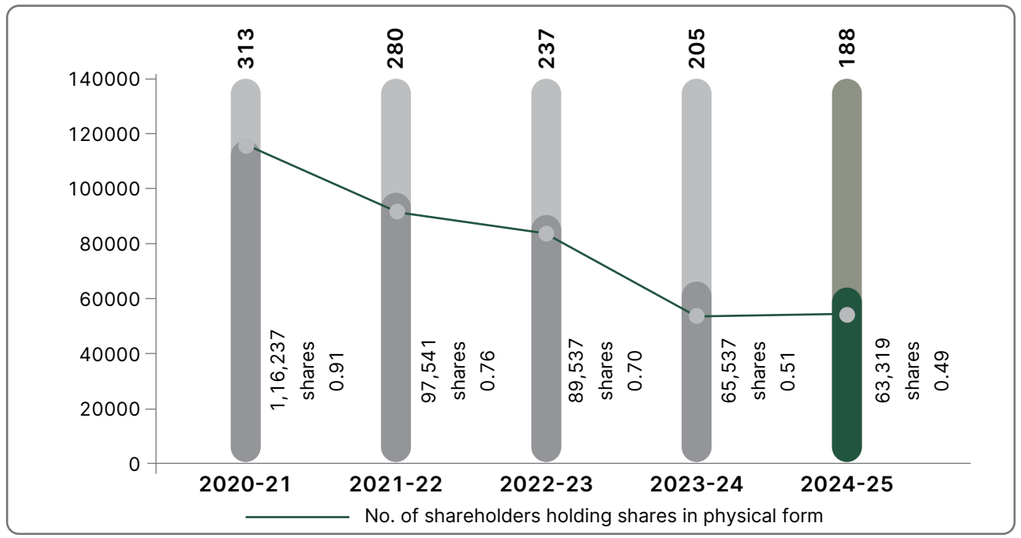
The shareholders holding shares in physical form are requested to dematerialise their shares for safeguarding their holdings and managing the same hassle free.

Shareholders are accordingly requested to get in touch with any depository participant ("DP") registered with SEBI to open a demat account. The shareholders may also visit website of Depositories viz. NSDL or CDSL for further understanding of the demat procedure.

Reduction in physical shareholders

On account of the continuous efforts made by the Company to convert its entire equity share capital in dematerialised form, there has been significant reduction in number of shareholders holding shares in physical form in last 5 years. Number of shareholders holding shares in physical form decreased by 39.94% (188 in FY 2024-25 as compared to 313 in FY 2020-21) as on March 31, 2025.

Physical shareholders data



Share Transfer System / other investor service requests:

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 dematerialised 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.

Pursuant to SEBI circular dated January 25, 2022, securities of the Company shall be issued in dematerialised form only while processing service requests in relation to issue of duplicate securities certificate, renewal/exchange of securities certificate, endorsement, sub-division/splitting of securities certificate, consolidation of securities certificates/ folios, transmission and transposition.

The manner and process of making application as per the aforesaid revised framework and operational guidelines thereto is available on the website of the RTA at https://ris.kfintech.com/

The Company on a quarterly basis obtains a certificate of adherence with service standards issued by the Registrar and Share Transfer Agents. The Company and RTA constantly evolves on the

processes to ensure that the shareholder practices are investor friendly and effective in time.

During the year, all the request(s) received from the shareholders by the Company, or its RTA were addressed in accordance with the timelines as provided by the Statutory Authorities, from time to time.

Shareholder engagement

The Company and the Registrar and Transfer Agent (RTA) consistently engage with shareholders to guide them through the procedures and document requirements for their service requests. Upon establishing contact, efforts are made to assist shareholders in submitting the necessary and valid documents to fulfill their service requests promptly and accurately.

The Company views shareholder engagement as a pivotal factor in fostering robust corporate governance.

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, 2025

No. of shareholders	No. of Shareholders	% of shareholders	Total no. of shares	% of shareholding
1 - 5000	39,570	97.20	1,39,67,180	10.88
5001 - 10000	497	1.23	36,44,790	2.84
10001 – 20000	254	0.62	36,23,090	2.82
20001 – 30000	101	0.25	25,34,320	1.98
30001 – 40000	38	0.09	13,31,940	1.04
40001 – 50000	41	0.10	18,80,250	1.47
50001 – 100000	83	0.20	59,25,150	4.62
100001 & Above	127	0.31	9,53,92,170	74.35
Total	**40,711**	**100.00**	**1,28,29,889**	**100.00**

Shareholding Pattern as on March 31, 2025

Category of shareholder	No. of Shareholders*	No. of shares Held	% of Share Holding
(A) Shareholding of Promoter(s) & Promoter(s) Group			
(1) Individuals/Trusts	12	41,92,184	32.68
Total Shareholding of Promoter(s) & Promoter(s) Group (A)	**12**	**41,92,184**	**32.68**
(B) Public shareholding			
(1) Institutions			
i. Mutual Funds/UTI	23	9,53,428	7.43
ii. Alternate Investment Funds	34	3,30,772	2.58
iii. Companies or Bodies Corporate where Central / State Government is a promoter	1	51,304	0.40
iv. Insurance Companies	3	1,22,983	0.96
v. Foreign Institutional Investors	189	28,37,026	22.11
Sub-Total (B)(1)	**250**	**42,95,513**	**33.48**
(2) Non-Institutions			
i. Bodies Corporate	682	6,99,053	5.45
ii. Individuals			
a. Individual shareholders holding nominal share capital up to ₹ 2 lakhs	36,409	24,01,259	18.72
b. Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs	10	9,16,137	7.14
iii. Non-Resident individuals	1,101	1,62,412	1.27
iv. Investor Education and Protection Fund (IEPF)	1	44,858	0.35
v. Foreign Nationals / Foreign Companies	2	2,000	0.01
vi. Other			
a. Trusts	12	23,045	0.18
b. HUF	849	86,854	0.68
c. Clearing Members	5	6,574	0.04
Sub-total (B)(2)	**39,071**	**43,42,192**	**33.84**
Total Public Shareholding (B) = (B)(1) + (B)(2)	**39,321**	**86,37,705**	**67.32**
Total (A)+(B)	**39,333**	**1,28,29,889**	**100.00**

* Note: No. of shareholders upon consolidation of folios basis PAN

Plant Locations

Unit I	Unit II	Unit III	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 41st Annual General Meeting, along with the Integrated Annual Report for FY 2024-25, 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 dematerialised form and the Registrar Transfer Agent in case the shares are in physical form respectively.

Dividend income is taxable in the hands of shareholders w.e.f. April 1, 2020, and the Company is required to deduct tax at source ("TDS") from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. A separate email communication was sent to the members on June 11, 2025 informing the relevant procedure to be adopted by them/ documents to be submitted for availing the applicable tax rate. The said communication and draft of the exemption forms and other documents are available on the Company's website at https://www.neulandlabs.com/en/investors/investor-services/tds-related-information-dividend.

The Company sends TDS certificate to the shareholders at their registered email id or postal address, as the case may be, post payment of the dividend in terms of applicable provisions of the law.

The Company, *inter alia*, has undertaken following initiatives during the year under review to reduce the quantum of unclaimed dividend(s):

a. Periodic reminders are sent to the shareholders of the Company to claim their outstanding dividend(s).

b. Suo motu credit of outstanding dividend(s) are being made to the bank account(s) of shareholders on registration of their bank details.

INVESTOR GRIEVANCE & INVESTOR CONTACTS

The Company has authorised the Stakeholders Relationship Committee ("SRC") of the Board of Directors to examine and redress complaints by shareholders and investors. The status of quarterly complaints is reported to the Board of Directors.

The Company and its RTA constantly monitors the Investor Complaint Module as available on the BSE Corporate Compliance & the Listing Centre, NSE Electronic Application Processing System and SEBI Complaints Redress System ("SCORES") to track and redress the investor complaints in a speedy manner.

SEBI has requested the members to approach the Company directly at the first instance for their grievance. If the Company does not resolve the complaint of the shareholders within stipulated time, then they may lodge the complaint with SEBI/Stock Exchanges for further action.

For any grievances/complaints, shareholders may contact the RTA at einward.ris@kfintech.com. For any escalations, shareholders may write to the Company at ir@neulandlabs.com.

Address for Correspondence

i. **Investor Correspondence:** For dematerialisation/ 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 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/	To the Depository Participant

ii. **Any query on Annual Report**
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
e-mail : ir@neulandlabs.com

iii. **For investor grievance**
e-mail : ir@neulandlabs.com

iv. **Address/Contact details of the redressal agencies for investors to lodge their grievances**

Regulatory Authorities

Ministry of Corporate Affairs	A' Wing, Shastri Bhawan Rajendra Prasad Road New Delhi – 110 001 Tel. Nos.: (011) 2338 4660, 2338 4659 Website: www.mca.gov.in
Securities and Exchange Board of India	Plot No. C4-A, 'G' Block Bandra-Kurla Complex Bandra (East) Mumbai – 400 051 Tel. Nos.: (022) 2644 9000/4045 9000/ (022) 2644 9950/4045 9950 Fax Nos.: (022) 2644 9019-22/4045 9019-22 Toll Free Investor Helpline: 1800-227-575 Email: sebi@sebi.gov.in Website: www.sebi.gov.in
Investor Education and Protection Fund Authority	Ground Floor, Jeevan Vihar Building, 3, Sansad Marg, New Delhi – 110 001 Tel. No.: 14453 Email: iepf@mca.gov.in Website: www.iepf.gov.in

Stock Exchanges:

BSE Limited	Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001 Tel. Nos.: (022) 2272 1233/4 (022) 6654 5695 (Hunting) Fax No.: (022) 2272 1919 Website: www.bseindia.com
National Stock Exchange of India Limited	Exchange Plaza, C-1, Block G Bandra Kurla Complex, Bandra (E) Mumbai – 400 051 Tel. Nos.: (022) 2659 8100/8114 (022) 6659 8100 Fax No.: (022) 2659 8120 Website: www.nseindia.com

Depositories:

National Securities Depository Limited	Trade World, A Wing, 4th Floor Kamala Mills Compound, Lower Parel Mumbai – 400 013 Tel. Nos.: (022) 4886 7000/2499 7000 Email: info@nsdl.com Website: www.nsdl.co.in
Central Depository Services (India) Limited	Marathon Futurex, A-Wing, 25th Floor N M Joshi Marg, Lower Parel Mumbai – 400 013 Toll free No.: 1800-225-533 Email: complaints@cdslindia.com Website: www.cdslindia.com

SEBI vide its Circular No. SEBI/HO/OIAE/IGRD/CIR/P/2023/156 dated September 20, 2023, read with Circular No. SEBI/HO/OIAE/IGRD/CIR/P/2023/183 dated December 1, 2023, has notified the revised framework for handling and monitoring of investor complaints received through SCORES platform by the Company and designated Stock Exchanges effective from April 1, 2024. The shareholders can access the new version of SCORES 2.0 at https://scores.sebi.gov.in.

The timelines and process are provided below

1 Stage — Approach to Company and/or Registrar and Share Transfer Agent of the Company

Investors are requested to first approach the Company and/or Registrar and Share Transfer Agent in accordance with the Investors' Grievance Redressal Policy of the Company.

2 Stage — Lodgement of complaint on SCORES Portal

If the shareholder is not satisfied with the response, they may lodge a complaint on the SCORES Portal. The complaint will be redirected to the Company with a copy marked to Stock Exchanges, being the Designated Body.

3 Stage — Submission of Action Taken Report by the Company

The Company will upload the Action Taken Report ("ATR") within 21 days from the date of receipt of complaint and the same shall be automatically routed to the complainant through SCORES Portal.

4 Stage — First Review of the complaint

If the complainant is not satisfied with the ATR of the Company and indicates the same within 15 days or no ATR has been received from the Company within 21 days, the Designated Body will take cognisance of the complaint for first review. The Company will be required to submit the ATR/provide clarification within the timeline stipulated by Designated Body to enable them to upload ATR on SCORES within 10 days from the date of review.

5 Stage — Second Review of the complaint

If the complainant is not satisfied with the ATR submitted by Designated Body and indicates the same within 15 days or no ATR has been received from the Designated Body within 10 days, the SEBI may take cognisance of the complaint for second review. The Company and/or Designated Body shall then be required to provide the clarification to SEBI within the stipulated timeline. The second review complaint shall be treated as 'resolved' or 'disposed' or 'closed' only when SEBI 'disposes' or 'closes' the complaint on SCORES Portal.

6 Stage — Online Dispute Resolution Mechanism/Other Civil Remedies

After examination/SEBI review, the complaint shall get disposed on SCORES Portal with closure remarks and/or advice to opt For Online Dispute Resolution Mechanism, if not satisfied. The complainant also has an option for other civil remedies.

The complaint will be kept pending on SCORES upto 15 days from the date of receipt of ATR awaiting revert from the complainant.

The complaint will be disposed off if complainant is satisfied or no second review is opted within 15 days.

Other useful information for shareholders

1. Common and simplified norms for investor's service request

   SEBI Master Circular No. SEBI/HO/MIRSD/ POD-1/P/ CIR/2024/37 dated May 7, 2024, has prescribed common and simplified norms for processing investor's service request by RTAs and norms for furnishing PAN, KYC (Contact Details, Bank Details, and Specimen Signature), and Nomination details. Further, SEBI vide its Master Circular No. SEBI/HO/MIRSD/ POD-1/P/ CIR/2024/37 dated May 7, 2024), has removed the requirement for freesing of folios, however, members are requested to note that dividends and other payments, if any, in respect of such KYC non-compliant folios shall only be made electronically with effect from April 1, 2024 upon registering the required details.

   Accordingly, the members are advised to register their details with the RTA or DP, as the case may be, in compliance with the aforesaid SEBI guidelines for smooth processing of their service requests and trading without any hindrance.

2. **Consolidation of folios:**

   Shareholders holding shares in more than one folio in the same name(s) are requested to send the details of their folios along with the share certificates so as to enable the Company to consolidate their holdings into one folio.

3. **Preservation of ownership documents**

   Shareholders are advised to keep copies of all their investment documentation i.e., share certificate, dividend counterfoil, Company communication in original, etc.

4. **Manner of postage of documents**

   Shareholders are advised to send share certificates, cheques, demand drafts, etc. through registered/speed post or courier.

5. **Non-resident shareholders**

   Non-resident shareholders are requested to immediately notify the following to the RTA of the Company in respect of shares held in physical form and to their DPs in respect of shares held in dematerialised form:

   a. Indian address for sending all communications, if not provided so far.

   b. Change in their residential status on return to India for permanent settlement.

   c. Particulars of their Non-resident rupee account, whether repatriable or not, with a bank in India, if not furnished earlier.

   d. E-mail Id and Phone No(s)

6. **Email Id registration**

   To support the green initiative, shareholders are requested to register their email address with their DPs or with the Company's RTA, as the case may be. Communications in relation to the Company like Notice, Dividend credit intimations, Notice of AGM and Integrated Annual Report are periodically sent electronically to such shareholders who have registered their email address.

   In case of any change in relation to the email address, the members are required to intimate the same

   a. For shares held in electronic form: to their respective DP.

   b. For shares held in physical form: to the Company/ RTA in prescribed Form No. ISR-1 mentioned above at sr. no. (1).

7. **Voting Rights**

   The fundamental voting principle is 'One Share-One Vote'.

   Equity shares issued by the Company carry equal voting rights, with an exception, where voting rights in respect of the shares, if any, lying in the Unclaimed Suspense Account, Suspense Escrow Demat Account, and shares transferred to IEPF are frozen till the rightful owner claims such shares and is transferred as such.

8. **Dealing with SEBI registered intermediaries**

   Shareholders are requested to deal only through SEBI registered intermediaries and give clear and unambiguous instructions to their broker/sub-broker/ DPs.

9. **Investor Charter**

   In order to facilitate investor awareness for various service requests, SEBI had prescribed Investor Charter for RTAs, *inter alia*, detailing the services provided to investors, rights of investors, timelines for various activities of RTAs, Do's and Dont's for Investors and Grievance Redressal Mechanism.

   The Investor Charter of the Company's RTA is available on their website at https://ris.kfintech.com/ clientservices/isc/sebi.aspx

10. **Investor section of the Company's website**

    The investor section of the Company's website can be accessed at https://www.neulandlabs.com/en/investors

11. **Access to Company related information**

    Shareholders can access all Company related information at https://www.neulandlabs.com/en/ investors.

12. **Nomination**

    In terms of the SEBI Circular No. SEBI/HO/MIRSD/ POD-1/P/CIR/2024/81 dated June 10, 2024, all investors are encouraged in their own interest, to provide choice of nomination by contacting the RTA, if shares are held in physical form or their respective Depository Participant(s), if shares are held in dematerialised form.

    Further, all new investors are mandatorily required to provide the choice of nomination for their demat accounts (except for jointly held demat accounts).

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, 2025 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

For **Neuland Laboratories Limited**

Abhijit Majumdar
Chief Financial Officer

Place: Hyderabad
Date: May 15, 2025

DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT FOR BOARD MEMBERS & SENIOR MANAGEMENT PERSONNEL

I hereby confirm that the Board Members and the Senior Management personnel have affirmed compliance with the provisions of the Code of Conduct for Board Members & Senior Management Personnel for the year ended March 31, 2025.

Date: May 15, 2025
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, 2025 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

P S Rao
Sr. Partner
FCS No: 10322; C.P No. 3829
PR: 6678/2025
UDIN: F010322G000360529

Place: Hyderabad
Date: 15.05.2025

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) 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, 2025 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. Ramamohan Rao Davuluri	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. Sugata Sircar	Non-Executive Director (Independent Director)	01119161
6.	Mrs. Pallavi Joshi Bakhru	Non-Executive Director (Independent Director)	00195847
7.	Dr. Nirmala Srinivasa Murthy	Non-Executive Director (Independent Director)	00734866
8.	Mr. Homi Rustam Khusrokhan	Non-Executive Director (Independent Director)	00005085
9.	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: 6678/2025
UDIN: F010322G000360507

Place: Hyderabad
Date: 15.05.2025

Form No. MR-3

SECRETARIAL AUDIT REPORT

for the Financial Year ended March 31, 2025

[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, 2025 ("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 authorised 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, 2025 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, 2025 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, 2021; 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 categorised 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. The 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.6678/2025
ICSI Unique Code: P2001TL078000
UDIN: F010322G000348220

Place: Hyderabad
Date: 15.05.2025

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.
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.6678/2025
ICSI Unique Code: P2001TL078000
UDIN: F010322G000348220

Place: Hyderabad
Date: 15.05.2025

Annexure - 1

NEULAND LABORATORIES LIMITED

Nomination and Remuneration Policy

1. BACKGROUND

This Nomination and Remuneration Policy ("Policy") is in pursuance to the provisions of Section 178 of the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements), Regulation 2015, as amended from time to time. This Policy outlines the principles, parameters and framework to ensure the appointment and payment of equitable and competitive remuneration to Directors, Key Managerial Personnel and employees of the Company 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"), constituted by the Board of Directors under Section 178 of the Companies Act, 2013 and under this Policy, has considered the following factors, while formulating the Policy:

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 February 10, 2025 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 the 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 provide guidance and necessary support to the Board to evaluate the performance of the members of the Board.

2.4 To recommend to the Board on the remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

2.5 To provide to the Board, the Key Managerial Personnel and the 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 ("SEBI Listing Regulations") (hereinafter "Applicable Law").

3. APPLICABILITY

This policy is applicable to the following:

i. Directors (Executive and Non-Executive);

ii. Key Managerial Personnel (not being a Director);

iii. Senior management personnel; and

iv. Other employees of the Company

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. The Executive Directors of the Company are the three whole time directors, i.e. Executive Chairman, Vice Chairman & Chief Executive Officer (CEO) and Vice Chairman & Managing Director (MD).

4.6 'Key Managerial Personnel (KMP)' shall have the same meaning as in Section 2(51) of the Act and means:

the Chief Executive Officer or the Managing Director or the Manager;

the Whole-time director;

the Chief Financial Officer;

the 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 or member of the promoter group of the 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 three 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 lakhs rupees or two per cent. of the paid-up 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:

Provided that the pecuniary relationship or transaction with the Company, its holding, subsidiary or associate company or their promoters, or directors in relation to points (i) to (iv) above shall not exceed two percent of its gross turnover or fifty

lakhs rupees or such higher amount as may be prescribed, whichever is lower.

e. who, neither himself/herself nor whose relative(s) —

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 or any company belonging to the promoter group of the 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 other than Key Managerial Personnel, the restriction under this clause shall not apply for his/her employment.

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 or corpus 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. who 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.

4.9 '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, and shall also comprise of all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads[1], by whatever name called and the persons identified and designated as key managerial personnel, other than Board of Directors.

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. THE NOMINATION AND REMUNERATION COMMITTEE

5.1 The Nomination and Remuneration Committee ("Committee") shall be constituted by the Board of Directors as follows:

a. The Committee shall comprise of three or more Non-Executive Directors.

b. All Directors of the Committee shall be Non-Executive Directors.

c. At-least two-thirds of the Directors shall be Independent Directors.

5.2 The Chairperson of the Committee shall be an Independent Director:

Provided that the chairperson of the Company, whether Executive or Non-Executive, may be appointed as a member of the Committee but shall not chair such Committee.

5.3 The Quorum for a meeting of the Committee shall be either two members or one third of the members of the Committee, whichever is greater, including at least one Independent Director in attendance.

5.4 In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as the Chairperson other than the Chairperson of the Company.

5.5 The Chairperson of the Committee may be present at the annual general meeting, to answer the shareholder's queries; however, it shall be upto the Chairperson to decide who shall answer the queries.

5.5 The Committee shall meet on a need basis provided that it shall mandatorily meet at least once a financial year.

6. ROLES AND RESPONSIBILITIES OF THE COMMITTEE

6.1 Role of the Committee shall, *inter alia*, include the following:

a. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors any modifications to this Policy relating to the remuneration of the Directors, the Key Managerial Personnel, and other employees.

b. formulation of criteria for evaluation of performance of independent directors and the board of directors;

c. devising a policy on diversity of board of directors;

d. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

e. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

f. recommend to the board, all remuneration, in whatever form, payable to senior management.

g. Any other responsibility that the Committee may be required to perform under the Applicable Law.

7. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTORS, KMP (NOT BEING A DIRECTOR) AND SENIOR MANAGEMENT

7.1 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) For Independent Directors: every 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:

[1] 'Functional heads' shall mean such personnel of the Company who hold the position of senior vice president or above and are in-charge of heading any function of the Company, as may be determined by the Company from time to time.

1. use the services of an external agencies, if required;

2. consider candidates from a wide range of backgrounds, having due regard to diversity; and

3. consider the time commitments of the candidates.

d) For Whole-Time KMPs: A whole-time KMP shall not hold office in more than one company except its subsidiary at the same time.

e) The Company shall comply with the requirements as laid down in the Act and SEBI Listing Regulations with regard to appointment of Directors, KMPs (not being a Director) and Senior Management.

7.2 Term / Tenure

a) Executive Director

The Company shall not appoint or re-appoint any person as an Executive Director for a term exceeding five years at a time.

Provided that no re-appointment shall be made earlier than one year before the expiry of his/her term.

Provided further that a person shall not be a director in more than seven listed entities.

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 a person shall not serve as an Independent Director in more than seven listed entities.

Notwithstanding the above, any person who is serving as an executive director in any listed entity shall not serve as an Independent Director in more than three listed entities.

The Company shall comply with the Applicable Law at the time of appointment or reappointment of Independent Director.

7.3 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 SEBI 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.

7.4 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.

7.5 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 shall have the discretion to retain the Director, KMP (not being a Director), Senior Management personnel in the organisation / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company, in accordance with Applicable Law.

7.6 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 as required under Applicable Laws.. 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 organisation, 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 organisations; and

2.3 Participation in the Committees (either as Chairperson or member) and the Board meetings.

Remuneration to Executive Directors including the CEO and the MD

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 and in accordance with the Applicable Law. 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 authorised 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 Applicable Law.

d. **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, he shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Committee shall recommend the due course of action to the Board to recover the excess remuneration as and when required.

e. **Commission:** The Commission (variable pay) to Executive Directors, will be determined by the Committee and recommended to the Board for approval. The Commission to be paid to the Executive Directors shall be in accordance with the profits calculated under Section 198 of the Act and the conditions laid down in the Articles of Association of the Company, and as per the provisions of the Act and the rules made thereunder.

Remuneration to Non-Executive Directors

a. **Remuneration / Commission:** The remuneration / commission shall be fixed as per the limits and conditions mentioned under the Applicable Law. In addition, a Non-Executive, a Non-Independent Director may also receive professional fee, on a case-to-case basis, subject to approvals if any required.

b. **Sitting Fees**

A Non-Executive Director appointed to the Board of the Company may receive sitting fees for attending meetings of the Board or a committee thereof or for any other purpose whatsoever as may be decided by the Board.

Provided that such fees shall not exceed the amount as may be prescribed by the Central Government or any regulatory authority.

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. The aforesaid percentage shall be exclusive of any sitting fees payable to Non-Executive Directors under the Applicable Law and this Policy.

d. **Stock Options:** An Independent Director shall not be entitled to any stock option of the Company.

Remuneration of 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 Organisation. 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 Organisation objectives to individual goals
- Fair and transparent assessment of performance
- Recognising and rewarding performance
- Differentiating high performance
- Understanding and developing of current and future competencies

8. 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.

9. 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, ethnicity, pregnancy, childbirth or related medical conditions, nationality, country of origin or cultural background, 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.

The Committee shall also periodically review the Board Diversity and recommend to the Board any improvements to one or more aspects of its diversity and measure the progress accordingly.

10. 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 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.

In case any provision under this Policy is inconsistent with the Applicable Law, the provisions of the Applicable Law shall prevail and the Company shall abide by it.

FINANCIAL STATEMENTS

Independent Auditor's Report

To the Members of **Neuland Laboratories Limited**

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying standalone financial statements of **Neuland Laboratories Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2025, and the Statement of Profit and Loss, including Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes to the standalone financial statements, including material accounting policy information and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the standalone financial statements for the year ended March 31, 2025. This matter was addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. We have determined the matter described below to be the key audit matter to be communicated in our report:

IMPAIRMENT OF GOODWILL (REFER NOTE 37 OF STANDALONE FINANCIAL STATEMENTS):

The goodwill balance as of March 31, 2025, of ₹ 27,946.10 lakhs pertains to merger of Neuland Health Sciences Private Limited ("NHSPL") and Neuland Pharma Research Private Limited ("NPRPL") with the Company with appointed date of April 01, 2016.

As at March 31, 2025, Goodwill represents 12.83% of the Company's total assets and 18.41% of the Company's total shareholder's equity. The Company has tested goodwill for impairment on an annual basis as required by "IND AS 36 - Impairment of Asset". In determining the fair value / value in use of business reporting units, the Company has applied judgment in estimating future revenues, operating profit margins, long-term growth rate and discount rates.

Due to significance of the above matter and involvement of the significant management judgement in estimation of fair value / value in use, the assessment of recoverability of carrying value of goodwill is considered as key audit matter.

HOW THE KEY AUDIT MATTER WAS ADDRESSED IN OUR AUDIT:

Our audit procedures in respect of this area included, but are not limited to, following:

1. Obtained an understanding from the management of the Company with respect to process followed and assessed the design, implementation and tested the operating effectiveness of internal controls over impairment testing related to goodwill;

2. Assessed the Company's internal control overs preparation of annual budgets and future forecasts for the business as a whole and the approach followed for annual impairment test and key assumptions applied;

3. Evaluated the reasonableness of the assumptions used and appropriateness of the valuation methodology applied and tested the discount rate and terminal growth rates used in the forecast including comparison to

economic data, industry report, data from competitors and historic performances wherever appropriate to compare and corroborate;

4. Assessed reasonableness and appropriateness of the future revenue and margin projections, the historical accuracy of the Company's estimates and its ability to produce accurate long-term forecasts;

5. Compared the reasonableness of future operating cash flow forecasts with the business plan and budgets approved by the Board; and tested the mathematical accuracy of management's calculations;

6. Assessed the adequacy and appropriateness of the disclosures made in the Standalone Financial Statements in compliance with the requirements of applicable Indian Accounting Standards and applicable financial reporting framework.

INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management report, Chairman's statement, Director's report, Business Responsibility and Sustainability Reporting etc. (hereinafter referred to as the "other information") but does not include the standalone financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Management and Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

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

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Standalone Financial Statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph 2(h)(vi) below on reporting under Rule 11(g).

   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors as on March 31, 2025, taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2025, from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".

   (g) The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 2(b) above on reporting under Section 143(3)(b) and paragraph 2(h)(vi) below on reporting under Rule 11(g).

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 40 to the standalone financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv. (1) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

      (2) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

      (3) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.

v. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act, to the extent it applies to payment of dividend.

The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act, to the extent it applies to declaration of dividend. (Refer Statement of Changes in Equity in the Standalone financial statements)

vi. Based on our examination which included test checks, the Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility except that no audit trail feature was enabled at the database level in respect of the accounting software to log any direct data changes.

Further, where enabled, audit trail feature has operated throughout the period for all relevant transactions recorded in the accounting software. Also, during the course of our audit, we did not come across any instance of audit trail feature being tampered with in respect of such accounting software. Additionally, the audit trail of previous year has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded.

3. In our opinion, according to information, explanations given to us, the remuneration paid / provided by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Prakash Chandra Bhutada
Partner
Membership No. 404621
UDIN: 25404621BMOJES7663

Place: Hyderabad, India
Date: May 15, 2025

Annexure A

TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF NEULAND LABORATORIES LIMITED

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.

- Conclude on the appropriateness of management and Board of Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended March 31, 2025, and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Prakash Chandra Bhutada
Partner
Membership No. 404621
UDIN: 25404621BMOJES7663

Place: Hyderabad, India
Date: May 15, 2025

Annexure B

TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF NEULAND LABORATORIES LIMITED FOR THE YEAR ENDED MARCH 31, 2025

[REFERRED TO IN PARAGRAPH 1 UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' IN THE INDEPENDENT AUDITORS' REPORT]

i. (a) A The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment, investment property and relevant details of right-of-use assets.

B The Company has maintained proper records showing full particulars of intangible assets.

(b) Property, Plant and Equipment, investment property and right-of-use assets were physically verified by the management according to a phased programme designed to cover all items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of Property, plant and equipment and right-of-use assets have been physically verified by Management during the year. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in the standalone financial statements are held in the name of the Company, except for the following immovable properties which, according to the information and explanations given to us, are under dispute pending with the Honourable High Court of Telangana:

Description of Property	Gross carrying value (₹ in Lakhs)	Held in the name of	Period held from	Reason for not being held in name of Company
Land	3.30	Neuland Health Sciences Private Limited (NHSPL)	May 30, 2005	NHSPL got merged with Neuland Laboratories Limited, the title deed of the land is pending to be transferred in the name of the Company because of dispute referred in Note 40 (d) of the standalone financial statements.

The original title deeds of immovable properties aggregating to ₹ 1,074.28 lakhs as at March 31, 2025, are pledged with the banks and are not available with the Company. The same has been independently confirmed by the bank to us and verified by us.

(d) According to the information and explanations given to us, the Company has not revalued its property, plant and equipment (including right-of-use assets) and Intangible assets during the year. Accordingly, the requirements under paragraph 3(i)(d) of the Order are not applicable to the Company.

(e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988, as amended and rules made thereunder. Accordingly, the provisions stated in paragraph 3(i) (e) of the Order are not applicable to the Company.

ii. (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. No discrepancies of 10% or more in aggregate for each class of inventory were noticed in respect of such confirmations. In our opinion, the frequency, coverage and procedure of such verification is reasonable and appropriate, having regard to the size of the Company and the nature of its operations. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.

(b) During the year the Company has been sanctioned working capital limits in excess of ₹ 5 crores in aggregate from Banks on the basis of security of current assets. Based on the records examined by us in the normal course of audit of the standalone financial statements, quarterly returns / statements filed with such Banks are in agreement with the books of accounts of the Company.

iii (a) The Company has not provided any loans or advances in the nature of loans or stood guarantee or provided security to any other entity during the year. Accordingly, provisions stated under clause 3(iii)(a) and 3(iii) (c) to (f) of the Order are not applicable.

(b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the investments made and terms and conditions in relation to investments made are not prejudicial to the interest of the Company. The Company has not provided any guarantee or given any security during the year.

iv. According to the information and explanations given to us, there are no loans, investments, guarantees, and security in respect of which provisions of sections 185 of the Act are applicable. The Company has made investments which are in compliance with the provisions of section 186 of the Act.

v. According to the information and explanations given to us, the Company has neither accepted any deposits from the public nor any amounts which are deemed to be deposits, within the meaning of Sections 73, 74, 75 and 76 of the Act, and the rules framed there under. Accordingly, the provisions stated under clause 3(iv) of the Order is not applicable to the Company.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act, in respect of its products/ services. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, service tax, duty of customs, duty of excise, cess, and other statutory dues have been regularly deposited by the Company with appropriate authorities in all cases during the year. No undisputed amounts payable in respect of these statutory dues were outstanding as at March 31, 2025, for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us and records examined by us, dues relating to income tax, goods and service tax and service tax, which have not been deposited as on March 31, 2025, on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Demanded ₹	Amount Paid ₹	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income tax	693.33	Nil	AY 2004-05	Hon'ble High Court of Telangana
Income tax Act, 1961	Income tax	19.02	3.80	AY 2012-13	Deputy Commissioner of Income tax
Income tax Act, 1961	Income tax	54.75	7.17	AY 2018-19, AY 2019-20	Commissioner of Income tax (Appeals)
Integrated/Central/State Goods and Services Tax Act, 2017	Transitional Input tax credit	47.95	Nil	FY 2016-17	Commissioner (Appeal)
CENVAT credit Rules, 2004	Refund of unutilised EC, SHEC and KKC	64.38	Nil	FY 2016-17	Customs Excise and Service tax Appellate Tribunal
State Goods and Services Tax Act, 2017	GST Input tax credit	13.49	Nil	FY 2016-17, FY 2018-19	Additional Commissioner, Punjagutta, Telangana

There are no dues relating to employees' state insurance, provident fund, duty of customs, duty of excise, cess, and other statutory dues which have not been deposited on account of any dispute.

viii. According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Income-tax Assessment of the Company. Accordingly, the provision stated under clause 3(viii) of the Order is not applicable to the Company

ix. (a) In our opinion and according to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information explanation provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the standalone financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information explanation given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from an any entity or person on account of or to meet the obligations of its subsidiaries. Further, the Company do not have any associate or joint ventures.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries. Further, the Company do not have any associate or joint ventures. Accordingly, reporting under Clause 3(ix)(f) of the order is not applicable to the Company.

x. (a) In our opinion and according to the information explanation given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions stated under clause 3(x)(a) of the Order are not applicable to the Company.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully, partly, or optionally convertible debentures during the year. Accordingly, the provisions stated under clause 3(x)(b) of the Order are not applicable to the Company.

xi. (a) Based on our examination of the books and records of the Company and according to the information and explanations given to us, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the year in the course of our audit.

(b) During the year no report under section 142 (12) of the Act, has been filed by cost auditor / secretarial auditor or by us in Form ADT -4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the Management, there are no whistle-blower complaints received by the Company during the year.

xii. The Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) (a) to (c) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered internal audit reports of the Company issued till date, for the period under audit.

xv. According to the information and explanations given to us, in our opinion, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with its directors and accordingly, the reporting on compliance with the provisions of Section 192 of the Act, in clause 3(xv) of the Order is not applicable to the Company.

xvi. (a) The Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph 3 (xvi)(a) of the Order are not applicable to the Company.

(b) The Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph 3 (xvi)(b) of the Order are not applicable to the Company.

(c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Accordingly, the provisions stated under clause 3 (xvi)(c) of the Order are not applicable to the Company.

(d) The Group [as defined in the Core Investment Companies (Reserve Bank) Directions, 2016] does not have any Core Investment Company as part of its group. Accordingly, the provisions stated under clause 3(xvi)(d) of the order are not applicable to the Company.

xvii. Based on the overall review of standalone financial statements, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Accordingly, the provisions stated under clause 3(xvii) of the Order are not applicable to the Company.

xviii. There has been no resignation of the statutory auditors during the year. Accordingly, the provisions stated under clause 3(xviii) of the Order are not applicable to the Company.

xix. According to the information and explanations given to us and on the basis of the financial ratios (as disclosed in Note 42 to the standalone financial statements), ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a Fund as specified in Schedule VII of the as disclosed in Note 28 to the standalone financial statements.

(b) In respect of ongoing projects, the Company has transferred unspent amount to a special account within a period of thirty days from the end of the financial year in compliance with Section 135(6) of the Act, as disclosed in Note 28 to the standalone financial statements.

xxi. The reporting under Clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said Clause has been included in the report.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Prakash Chandra Bhutada
Partner
Membership No. 404621
UDIN: 25404621BMOJES7663

Place: Hyderabad, India
Date: May 15, 2025

Annexure C

TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF NEULAND LABORATORIES LIMITED

[Referred to in paragraph (2(f)) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Neuland Laboratories Limited on the Financial Statements for the year ended March 31, 2025]

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls with reference to standalone financial statements of **Neuland Laboratories Limited** ("the Company") as of March 31, 2025, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2025, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) ("the Guidance Note").

MANAGEMENTS' AND BOARD OF DIRECTOR'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

A Company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Prakash Chandra Bhutada
Partner
Membership No. 404621
UDIN: 25404621BMOJES7663

Place: Hyderabad, India
Date: May 15, 2025

Standalone Balance Sheet

As at March 31, 2025

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

		Note	As at March 31, 2025	As at March 31, 2024
I.	**ASSETS**			
	Non-current assets			
	Property, plant and equipment	3(a)	65,370.33	51,048.96
	Right-of-use assets	41	1,998.28	1,221.75
	Capital work-in-progress	3(b)	4,455.29	4,589.13
	Investment property	36(a)	-	1,902.76
	Goodwill	37	27,946.10	27,946.10
	Other intangible assets	4 (a)	174.32	245.81
	Intangible assets under development	4 (b)	311.08	-
	Financial assets			
	(i) Investments	5	168.71	143.70
	(ii) Other financial assets	6	919.05	831.06
	Income tax assets (net)		1,132.33	1,035.69
	Other non-current assets	7	1,559.81	2,180.93
	Total non-current assets		**1,04,035.30**	**91,145.89**
	Current assets			
	Inventories	8	38,575.69	35,042.19
	Financial assets			
	(i) Investments	5	10,768.27	-
	(ii) Trade receivables	9	31,572.06	37,352.62
	(iii) Cash and cash equivalents	10	13,037.90	8,606.57
	(iv) Bank balances other than cash and cash equivalents	11	12,688.86	2,922.00
	(v) Other financial assets	6	221.56	288.79
	Other current assets	7	6,917.40	7,734.66
	Total current assets		**1,13,781.74**	**91,946.83**
	Total assets		**2,17,817.04**	**1,83,092.72**
II.	**EQUITY AND LIABILITIES**			
	Equity			
	Equity share capital	12	1,290.05	1,290.05
	Other equity	13	1,50,489.01	1,26,363.84
	Total equity		**1,51,779.06**	**1,27,653.89**
	Liabilities			
	Non-current liabilities			
	Financial liabilities			
	(i) Borrowings	14	9,072.74	4,492.06
	(ia) Lease liabilities	41	1,861.76	920.34
	Provisions	15	663.74	712.76
	Deferred tax liabilities (net)	16	7,156.07	5,933.70
	Total non-current liabilities		**18,754.31**	**12,058.86**
	Current liabilities			
	Financial liabilities			
	(i) Borrowings	14	4,528.27	3,758.64
	(ia) Lease liabilities	41	250.99	367.92
	(ii) Trade payables	17		
	- total outstanding dues of micro and small enterprises		843.04	974.41
	- total outstanding dues of creditors other than micro and small enterprises		25,247.16	18,879.47
	(iii) Other financial liabilities	18	8,321.71	10,632.77
	Provisions	15	209.72	163.59
	Other current liabilities	19	7,882.78	8,603.17
	Total current liabilities		**47,283.67**	**43,379.97**
	Total liabilities		**66,037.98**	**55,438.83**
	Total equity and liabilities		**2,17,817.04**	**1,83,092.72**

See accompanying notes forming part of the standalone financial statements. 1-48

As per our report of even date
For **M S K A & Associates**
Chartered Accountants
Firm's Registration No: 105047W

Prakash Chandra Bhutada
Partner
Membership No: 404621

Place: Hyderabad
Date: May 15, 2025

For and on behalf of the Board of Directors of
Neuland Laboratories Limited

Dr. D. R. Rao
Executive Chairman
DIN- 00107737

D. Sucheth Rao
Vice Chairman & CEO
DIN- 00108880

D. Saharsh Rao
Vice Chairman & Managing Director
DIN- 02753145

Abhijit Majumdar
Chief Financial Officer

Sarada Bhamidipati
Company Secretary

Place: Hyderabad
Date: May 15, 2025

Standalone Statement of Profit and Loss

for the year ended March 31, 2025

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

		Note	For the year ended March 31, 2025	For the year ended March 31, 2024
I.	**Income**			
	Revenue from operations	20	1,47,683.73	1,55,858.05
	Other income	21	2,050.86	1,254.43
	Total income (I)		**1,49,734.59**	**1,57,112.48**
II.	**Expenses**			
	Cost of materials consumed	22	57,480.68	63,242.68
	Changes in inventories of finished goods and work-in-progress	23	1,283.12	(5,514.40)
	Employee benefits expense	24	26,139.85	24,853.48
	Finance costs	25	829.59	1,399.72
	Depreciation and amortisation expenses	26	6,554.19	5,969.91
	Manufacturing expenses	27	16,287.00	15,651.39
	Other expenses	28	14,263.19	11,432.78
	Total expenses (II)		**1,22,837.62**	**1,17,035.56**
III.	**Profit before exceptional items and tax (I-II)**		**26,896.97**	**40,076.92**
IV.	**Exceptional items**	36(b)	7,640.36	-
V.	**Profit before tax (III+IV)**		**34,537.33**	**40,076.92**
VI.	**Tax expense**	29		
	Current tax		7,365.30	9,958.57
	Deferred tax		1,229.49	158.73
	Total tax expense (VI)		**8,594.79**	**10,117.30**
VII.	**Profit for the year (V-VI)**		**25,942.54**	**29,959.62**
VIII.	**Other comprehensive income**			
	Items not to be reclassified to profit or loss			
	Re-measurement gains/(losses) on defined benefit plans	15	(56.30)	77.10
	Equity instruments through other comprehensive income		27.99	109.06
	Tax on items that will not be reclassified to profit or loss	16	7.12	(45.37)
	Other comprehensive income/ (loss) for the year, net of tax (VIII)		**(21.19)**	**140.79**
IX.	**Total comprehensive income for the year (VIII+VII)**		**25,921.35**	**30,100.41**
X.	**Earnings per share [EPS] (in absolute ₹ terms) (face value of ₹ 10 each)**	30		
	Basic and Diluted EPS (in ₹)		202.20	233.51

See accompanying notes forming part of the standalone financial statements. 1-48

As per our report of even date
For **M S K A & Associates**
Chartered Accountants
Firm's Registration No: 105047W

Prakash Chandra Bhutada
Partner
Membership No: 404621

Place: Hyderabad
Date: May 15, 2025

For and on behalf of the Board of Directors of
Neuland Laboratories Limited

Dr. D. R. Rao
Executive Chairman
DIN- 00107737

D. Sucheth Rao
Vice Chairman & CEO
DIN- 00108880

D. Saharsh Rao
Vice Chairman & Managing Director
DIN- 02753145

Abhijit Majumdar
Chief Financial Officer

Sarada Bhamidipati
Company Secretary

Place: Hyderabad
Date: May 15, 2025

Standalone Statement of Changes in Equity

for the year ended March 31, 2025

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

A EQUITY SHARE CAPITAL

	Number of shares	Amount *
As at March 31, 2023	**12,829,889**	**1,290.05**
Changes in equity share capital during the year	-	-
As at March 31, 2024	**12,829,889**	**1,290.05**
Changes in equity share capital during the year	-	-
As at March 31, 2025	**12,829,889**	**1,290.05**

* includes ₹7.06 received towards forfeiture of equity shares during the earlier years

B OTHER EQUITY

	Reserves and Surplus					Other Comprehensive Income		Total
	Capital reserve	Securities premium	General reserve	Revaluation reserve	Retained earnings	Equity securities	Re-measurement of defined benefit plans	
Balance as at March 31, 2023	**3.32**	**49,777.35**	**2,789.65**	**83.89**	**46,054.07**	**(693.16)**	**(468.70)**	**97,546.42**
Profit for the year	-	-	-	-	29,959.62	-	-	29,959.62
Dividends	-	-	-	-	(1,282.99)	-	-	(1,282.99)
Other comprehensive income (net of tax)	-	-	-	-	-	83.10	57.69	140.79
Balance as at March 31, 2024	**3.32**	**49,777.35**	**2,789.65**	**83.89**	**74,730.70**	**(610.06)**	**(411.01)**	**1,26,363.84**
Profit for the year	-	-	-	-	25,942.54	-	-	25,942.54
Dividends (Refer Note below)	-	-	-	-	(1,796.18)	-	-	(1,796.18)
Other comprehensive income (net of tax)	-	-	-	-	-	20.94	(42.13)	(21.19)
Balance as at March 31, 2025	**3.32**	**49,777.35**	**2,789.65**	**83.89**	**98,877.06**	**(589.12)**	**(453.14)**	**1,50,489.01**

Dividend paid and proposed

In respect of the year ended March 31, 2025, the directors in their meeting held on May 15, 2025, have proposed a dividend of ₹ 12 per equity share of face value of ₹ 10 each. The proposed equity dividend is subject to approval by the shareholders at the Annual General meeting (AGM) and has not been included as a liability in these financial statements. The total estimated amount to be paid with respect to dividend is ₹ 1,539.59 lakhs.

In respect of the year ended March 31, 2024, the directors proposed a final dividend of ₹14 per equity share of face value of ₹10 each which was approved by the shareholders in the Annual General meeting (AGM) held on July 31, 2024. The total amount of such dividend paid is ₹ 1,796.18 lakhs.

See accompanying notes forming part of the standalone financial statements. 1-48

As per our report of even date
For **M S K A & Associates**
Chartered Accountants
Firm's Registration No: 105047W

Prakash Chandra Bhutada
Partner
Membership No: 404621

Place: Hyderabad
Date: May 15, 2025

For and on behalf of the Board of Directors of
Neuland Laboratories Limited

Dr. D. R. Rao
Executive Chairman
DIN- 00107737

D. Sucheth Rao
Vice Chairman & CEO
DIN- 00108880

D. Saharsh Rao
Vice Chairman & Managing Director
DIN- 02753145

Abhijit Majumdar
Chief Financial Officer

Sarada Bhamidipati
Company Secretary

Place: Hyderabad
Date: May 15, 2025

Standalone Statement of Cash Flows

for the year ended March 31, 2025

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

	For the year ended March 31, 2025	For the year ended March 31, 2024
Cash flow from operating activities		
Profit before tax	**34,537.33**	**40,076.92**
Adjustments to reconcile profit before tax to net cash flow:		
Depreciation and amortisation expenses	6,554.19	5,969.91
Interest income	(1,058.33)	(822.68)
Loss on sale of property, plant and equipment, net	731.06	40.16
Gain on sale of investment properties (Exceptional items)	(7,640.36)	-
Finance costs	829.59	1,399.72
Provision towards/(write back) credit impaired trade receivables	170.06	(24.95)
Gain on fair valuation of investments carried at FVTPL	(768.27)	-
Unrealised foreign exchange gain, net	(18.95)	(354.71)
Operating cash flows before working capital changes	**33,336.32**	**46,284.37**
Movements in working capital:		
Adjustments for (increase)/decrease in operating assets:		
Inventories	(3,533.50)	(7,118.85)
Trade receivables	5,490.67	(866.29)
Other financial assets	62.98	325.48
Other assets	839.80	(2,226.18)
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables	6,087.54	1,992.08
Other financial liabilities	(2,390.44)	4,174.75
Provision for employee benefits	(59.19)	(201.94)
Other liabilities	(623.29)	(5,200.68)
Cash generated from operating activities	**39,210.89**	**37,162.74**
Income-taxes paid (net)	(7,461.94)	(11,156.54)
Net cash flow from operating activities (A)	**31,748.95**	**26,006.20**
Cash flows from investing activities		
Purchase of property, plant and equipment and other intangible assets	(20,644.58)	(14,365.50)
Proceeds from sale of investments property	9,543.13	-
Proceeds from sale of property, plant and equipment	116.42	126.32
Purchase of short term investments	(10,000.00)	-
Proceeds from redemption/sale of non -current investments (net)	2.97	33.67
Movement in other bank balances (net)	(9,760.76)	(1,551.01)
Interest income received	928.98	789.32
Net cash used in investing activities (B)	**(29,813.84)**	**(14,967.20)**
Cash flows from financing activities		
Proceeds from long-term borrowings	9,477.82	882.19
Repayment of long-term borrowings	(3,943.53)	(3,710.46)
Repayment of short-term borrowings (net)	-	(1,115.75)
Finance cost paid	(700.16)	(1,338.19)
Dividend paid	(1,796.18)	(1,282.99)
Payment of lease liabilities	(404.05)	(295.68)
Interest on lease liabilities	(137.68)	(67.29)
Net cash flow from/(used) in financing activities (C)	**2,496.22**	**(6,928.17)**
Net increase in cash and cash equivalents during the year (A + B + C)	**4,431.33**	**4,110.83**
Cash and cash equivalents at the beginning of the year	8,606.57	4,495.74
Cash and cash equivalents at the end of the year (Refer Note 10)	**13,037.90**	**8,606.57**

See accompanying notes forming part of the standalone financial statements. 1-48

As per our report of even date
For **M S K A & Associates**
Chartered Accountants
Firm's Registration No: 105047W

Prakash Chandra Bhutada
Partner
Membership No: 404621

Place: Hyderabad
Date: May 15, 2025

For and on behalf of the Board of Directors of
Neuland Laboratories Limited

Dr. D. R. Rao
Executive Chairman
DIN- 00107737

D. Sucheth Rao
Vice Chairman & CEO
DIN- 00108880

D. Saharsh Rao
Vice Chairman & Managing Director
DIN- 02753145

Abhijit Majumdar
Chief Financial Officer

Sarada Bhamidipati
Company Secretary

Place: Hyderabad
Date: May 15, 2025

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

1. CORPORATE INFORMATION

Neuland Laboratories Limited (the "Company") is a public limited company incorporated and domiciled in India. The Company's registered office is at 11th floor 5th level, Phoenix IVY III Building Plot No. 573A, Road Number 82, Jubilee Hills, Hyderabad 500033. The shares of the Company are listed on two recognised stock exchanges of India viz. the National Stock Exchange of India Limited and BSE Limited. The Company is engaged in manufacturing and selling of bulk drugs and caters to both domestic and international markets.

2. BASIS OF PREPARATION OF STANDALONE FINANCIAL STATEMENTS

Statement of Compliance with Ind AS

These standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as notified under Section 133 of the Companies Act 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015, as amended, issued by the Ministry of Corporate Affairs ('MCA').

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. These standalone financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date March 31, 2025.

These standalone financial statements have been prepared on the historical cost convention and on an accrual basis except for the following material items in the balance sheet:

- Certain financial assets and liabilities which are measured at fair value;
- Net defined benefit assets / (liability) are measured at fair value of plan assets, less present value of defined benefit obligations.

(i) Use of estimates and judgements

The preparation of standalone financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the standalone financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the standalone financial statements in the period in which changes are made and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the standalone financial statements is included in the following notes:

- Note (c), (e), (f) and (g) - Useful lives of property, plant and equipment, investment properties, goodwill and other intangible assets;
- Note (h) - Impairment;
- Note (i) - Financial instruments;
- Note (o) - Employee benefits;
- Note (s) - Provisions, contingent liabilities and contingent assets; and
- Note (q) - Income taxes

(ii) Summary of material accounting policies

The standalone financial statements have been prepared using the accounting policies and measurement basis summarized below.

a. Functional currency

The standalone financial statements are presented in Indian Rupee ('INR' or '₹') which is also the functional and presentation currency of the Company. All financial information presented in Indian rupees has been rounded to the nearest lakhs, unless otherwise stated.

b. Current and non-current classification

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Division II – Ind AS Schedule III to the Act.

Based on nature of product and activities of the Company and their realisation in cash and cash equivalent, the Company has determined its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

c. Property, plant and equipment (PPE)

Items of PPE are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, taxes (other than those subsequently recoverable from tax authorities), borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are included in asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Company and the cost of item can be measured reliably. If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

An item of PPE and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date is classified as capital advances. Capital work- in- progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

Depreciation on PPE is calculated on pro-rata basis on straight-line method using the useful lives of the assets estimated by management. The useful life is as follows:

Asset	Useful Life (in years)
Buildings	25 & 30
Plant and equipment	7 to 20
Office equipment	2 to 5
Furniture and fixtures	2 to 10
Vehicles	4 & 8
Computers	3 & 6

Depreciation on additions / disposals is provided on a pro-rata basis i.e. from / upto the date on which asset is ready for use / disposed-off.

The useful lives are based on historical experience with similar assets as well as anticipation of future events. The residual values are not more than 5% of the original cost of the assets. The residual values, useful lives and method of depreciation of are reviewed at each financial year-end and adjusted prospectively, if appropriate.

d. Leases :

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate standalone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straightline method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

e. Investment properties

Property that is held for long term rental yields or for capital appreciation or for both, and that is not occupied by the Company, is classified as investment property. Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. When the use of a property changes from owner occupied to investment property, the property is reclassified as investment property at it's carrying amount on the date of reclassification.

The useful life of investment property is estimated at 60yrs based on technical evaluation performed by management's expert.

f. Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the fair value of net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in other comprehensive income and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through other comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

g. Other intangible assets

Other intangible assets are stated at cost of acquisition less accumulated amortization and impairment loss, if any. These are derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising from disposal of the intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the assets are disposed off.

Intangible assets are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The other intangible assets comprise of computer software expenditure and are amortized over a period of three years. The amortization period and the amortization method for an intangible asset is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

h. Impairment

Impairment of non-financial assets

The carrying amounts of the Company's PPE and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit for which the estimates of future cash flows have not been adjusted. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognised in the statement of profit or loss if the estimated recoverable amount of an asset or its cash generating unit is lower than its carrying amount. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been previously recognised.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets measured at amortised cost.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

i. Financial instruments

Initial Recognition and measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value and, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- fair value through other comprehensive income ("FVTOCI") – debt investment;
- FVTOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in Other Income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss.

FVTOCI – debt investment

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method

Equity investment

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVTOCI – equity investment). This election is made on an investment by-investment basis.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, including foreign exchange gain or loss and excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit or loss.

FVTPL

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit or loss. Any gain or loss on derecognition is also recognised in statement of profit or loss.

De-recognition

Financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

Financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments such as forward exchange contracts and interest rate risk exposures to hedge its risk associated with foreign currency fluctuations and changes in interest rates. Derivatives are initially measured at fair value and subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in statement of profit or loss, since the Company's hedging instruments did not qualify for hedge accounting in accordance with the Ind-AS 39. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, cash at banks, deposit held at call with financial institutions, other short - term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Dividend distribution to equity holders of the Company

The Company recognises a liability to make dividend distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

j. Inventories

Basis of valuation:

Inventories consist of raw materials, stores and spares, work-in-progress and finished goods are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Stores and spares, that do not qualify to be recognised as property, plant and equipment, consists of engineering spares (such as machinery spare parts) and consumables or consumed as indirect materials in the manufacturing process.

Method of Valuation:

The Cost of raw materials, stores and consumables has been determined by using weighted average cost method and comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventories to their present location and condition.

The Cost of finished goods and work-in-progress includes direct labour and an appropriate share of fixed and variable production overheads and excise duty as applicable. Fixed production overheads are allocated on the basis of normal capacity of production facilities. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

k. Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting period are translated into the functional currency at the exchange rate at that date. Non-monetary items denominated in foreign currencies which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the fair value was measured.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise

l. Investments in the nature of equity in subsidiaries

The Company has elected to recognise its investments in equity instruments in subsidiaries at cost in the separate financial statements in accordance with the option available in Ind AS 27, 'Separate Financial Statements'. The Company regardless of the nature of its involvement with an entity (the investee), determines whether it is a parent by assessing whether it controls the investee. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the Company controls an investee if and only if it has all the following:

(a) power over the investee;

(b) exposure, or rights, to variable returns from its involvement with the investee and

(c) the ability to use its power over the investee to affect the amount of the returns.

Investments are accounted in accordance with Ind AS 105 when they are classified as held for sale. On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss

m. Revenue recognition

Revenue from contract with customers

The Company derives revenues primarily from sale of active pharmaceutical ingredients and contract research services. Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

i. the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or

ii. the Company's performance creates or enhances an asset that the customer

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(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

controls as the asset is created or enhanced; or

iii. the Company's performance does not create an asset with an alternative use to the Company and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue in excess of invoicing are classified as contract asset /unbilled revenue while collections in excess of revenues are classified as contract liabilities / advance from customers.

In respect of contracts involving bill-and-hold arrangements, the Company determines whether the control of the underlying products have been transferred to the customer. For the purpose of determining whether such control is transferred, the entity considers the following requirements as required by Ind AS 115:

i. The reason for the bill-and-hold arrangement is substantive (i.e. the physical possession with the entity is pursuant to the customer's explicit request);

ii. The product is separately identified as belonging to the customer;

iii. The product is ready for physical transfer to the customer; and

iv. The entity does not have the ability to use the product or to direct it to another customer.

The Company recognizes revenue in respect of bill-and-hold arrangements only when all of the aforementioned requirements are met. Further, at the time of such recognition, the entity also determines whether there are any material unsatisfied performance obligations and determines the portion of the aggregate consideration, if any, that needs to be allocated and deferred.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

Other operating revenue - Export incentives

Export Incentives under various schemes are recognised in the year of export in accordance with their respective underlying scheme at fair value of consideration received or receivable.

Other income - Interest income

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable. For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Other income - Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, which is generally, when shareholders approve the dividend.

n. Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

o. Retirement and other employee benefits

Defined contribution plan

The Company's contributions to defined contribution plans are recognised as an expense as and when the services are received from the employees entitling them to the contributions.

Defined benefit plan

The liability in respect of defined benefit plans is calculated using the projected unit credit method with actuarial valuations being carried out at the end of each annual reporting period. The Company recognises the net obligation of a defined benefit plan as a liability in its balance sheet. Gains or losses through remeasurement of the net defined benefit liability are recognised in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The effect of any plan amendments are recognised in the statement of profit and loss.

p. Taxes

Tax expense recognized in statement of profit or loss consists of current and deferred tax except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity respectively.

Current income tax, assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) enacted in India by using tax rates and the tax laws that are enacted at the reporting date. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Withholding tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Company and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment.

q. Research and development expense

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognized as expense when incurred. Development activities involve a plan or design for the production of new or substantially improved products

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and processes. Development expenditure is capitalized only if:

- The product or the process is technically and commercially feasible;
- Future economic benefits are probable and ascertainable;
- The Company intends to and has sufficient resources, technical and financial, to complete development of the product and has the ability to use or sell the asset; and
- Development costs can be measured reliably.

Where the aforementioned criteria are not met, the expenditure is transferred to statement of profit and loss.

r. Provisions, contingent liabilities and contingent assets

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

s. Exceptional items

Exceptional items are transactions which due to their size or incidence are separately disclosed to enable a full understanding of the Company's financial performance. Items which may be considered exceptional are significant restructuring charges, gains or losses on disposal of investments in subsidiaries, impairment losses/write down in value of investment in subsidiaries, significant disposal of property, plant and equipment, investment property etc.

(iii) Standards (including amendments) issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2025, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

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(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

3(a). PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant and equipment	Office equipment	Furniture and fixtures	Vehicles	Computers	Total
Gross carrying value (at cost/deemed cost)								
Balance as at March 31, 2023	**1,074.28**	**18,197.83**	**43,201.38**	**234.12**	**441.10**	**1,243.86**	**1,225.48**	**65,618.05**
Additions for the year	1,800.55	2,341.34	5,954.62	24.33	47.55	1,069.91	354.82	11,593.12
Disposals	-	(51.02)	(203.66)	-	-	(233.26)	-	(487.94)
Balance as at March 31, 2024	**2,874.83**	**20,488.15**	**48,952.34**	**258.45**	**488.65**	**2,080.51**	**1,580.30**	**76,723.23**
Additions for the year	434.26	3,208.91	16,473.28	61.02	91.67	561.95	268.00	21,099.09
Disposals	-	(278.32)	(4,659.95)	(53.75)	(50.67)	(329.63)	(192.68)	(5,565.00)
Balance as at March 31, 2025	**3,309.09**	**23,418.74**	**60,765.67**	**265.72**	**529.65**	**2,312.83**	**1,655.62**	**92,257.32**
Accumulated depreciation								
Balance as at March 31, 2023	**-**	**3,100.71**	**15,934.76**	**88.13**	**135.85**	**600.79**	**624.04**	**20,484.28**
Charge for the year	-	987.95	3,886.61	43.04	43.68	318.52	231.64	5,511.44
Disposals	-	(9.74)	(164.84)	-	-	(146.87)	-	(321.45)
Balance as at March 31, 2024	**-**	**4,078.92**	**19,656.53**	**131.17**	**179.53**	**772.44**	**855.68**	**25,674.27**
Charge for the year	-	950.67	4,164.33	48.98	47.00	437.15	282.11	5,930.24
Disposals	-	(73.96)	(4,123.32)	(48.91)	(44.02)	(246.44)	(180.87)	(4,717.52)
Balance as at March 31, 2025	**-**	**4,955.63**	**19,697.54**	**131.24**	**182.51**	**963.15**	**956.92**	**26,886.99**
Net carrying value as at March 31, 2024	**2,874.83**	**16,409.23**	**29,295.81**	**127.28**	**309.12**	**1,308.07**	**724.62**	**51,048.96**
Net carrying value as at March 31, 2025	**3,309.09**	**18,463.11**	**41,068.13**	**134.48**	**347.14**	**1,349.68**	**698.70**	**65,370.33**

Notes:

1. Refer Note 14 for details of property, plant and equipment subject to charge on secured borrowings.
2. During the year the Company has capitalised finance costs amounting to ₹ 300.73 with the effective interest rate for capitalisation was approx 8.7%.
3. Following land's title deed is under dispute:

Relevant line in the Balance Sheet	Description of item of property	Gross carrying amount	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter/director	Property held since which date	Reason for not being held in the name of Company
Property, plant and equipment	Land	3.30	Neuland Health Sciences Private limited (NHSPL)	No	May 30, 2005*	NHSPL got merged with Neuland Laboratories Limited; the title deed is pending to be transferred in the name of the Company because of dispute referred in Note 40 (d)

* The property was held by NHSPL since May 30, 2005 and has became part of Company's Property, plant and equipment subsequent to the merger.

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

3(b). CAPITAL WORK-IN PROGRESS (CWIP)

(i) Capital work-in-progress

CWIP	As at April 1, 2024	Added during the year	Capitalised during the year	Closing as at March 31, 2025
Amount	4,589.13	20,965.25	(21,099.09)	4,455.29

CWIP	As at April 1, 2023	Added during the year	Capitalised during the year	Closing as at March 31, 2024
Amount	4,056.58	12,125.67	(11,593.12)	4,589.13

(ii) For Capital-work-in progress ageing schedule

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2025					
Projects in progress	4,434.10	21.19	-	-	4,455.29
Projects temporarily suspended	-	-	-	-	-

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2024					
Projects in progress	4,565.40	23.73	-	-	4,589.13
Projects temporarily suspended	-	-	-	-	-

Project execution plans are reviewed periodically on the basis of management judgement and estimates w.r.t future technology and development/economy/industry/regulatory environment and all the projects are assessed as per periodic plans.

4(a) OTHER INTANGIBLE ASSETS

	Computer Software (Acquired)
Gross carrying value (at cost/deemed cost)	
Balance as at March 31, 2023	**860.18**
Additions for the year	221.32
Balance as at March 31, 2024	**1,081.50**
Additions for the year	60.90
Deletion	(18.35)
Balance as at March 31, 2025	**1,124.05**
Accumulated amortisation	
Balance as at March 31, 2023	**730.11**
Charge for the year	105.58
Balance as at March 31, 2024	**835.69**
Charge for the year	132.39
Deletion	(18.35)
Balance as at March 31, 2025	**949.73**
Net carrying value as at March 31, 2024	**245.81**
Net carrying value as at March 31, 2025	**174.32**

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

4(b) INTANGIBLE ASSETS UNDER DEVELOPMENT

(i) Capital work-in-progress

Intangible assets under development	As at April 1, 2024	Addition during the year	Capitalised during the year	As at March 31, 2025
Computer Software	-	311.08	-	311.08

Intangible assets under development	As at April 1, 2023	Addition during the year	Capitalised during the year	As at March 31, 2024
Computer Software	-	-	-	-

(ii) For Intangible assets under development ageing schedule

Intangible assets under development	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2025					
Projects in progress	311.08	-	-	-	311.08
Projects temporarily suspended	-	-	-	-	-

CWIP	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2024					
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Project execution plans are reviewed periodically on the basis of management judgement and estimates w.r.t future technology and development/economy/industry/regulatory environment and all the projects are assessed as per periodic plans.

5. INVESTMENTS

	As at March 31, 2025	As at March 31, 2024
Non-current		
Investments in unquoted equity shares (fully paid up, unless stated otherwise)		
In subsidiaries (carried at cost)		
300,000 (March 31, 2024: 300,000) equity shares of Japan Yen 10 each in Neuland Laboratories K.K., Japan, representing 100% shareholding	15.37	15.37
1,000 (March 31, 2024: 1,000) equity shares of USD 1 each in Neuland Laboratories Inc., USA, representing 100% shareholding	0.45	0.45
In others (carried at fair value through other comprehensive income)		
2,200 (March 31, 2024: 2,200) equity shares of ₹100 each in Jeedimetla Effluent Treatment Limited	25.58	21.55
209,136 (March 31, 2024: 209,136) equity shares of ₹10 each in Patancheru Enviro Tech Limited	127.31	104.72
Investments in unquoted government securities (carried at fair value through other comprehensive income)	-	1.61
Total non-current investments	**168.71**	**143.70**

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

	As at March 31, 2025	As at March 31, 2024
Note:		
Aggregate value of unquoted investments	168.71	143.70
Change in fair value of the investments during the year	26.62	103.16
Current		
Investment in unquoted mutual funds (carried at fair value through profit or loss)		
1,66,79,894.751 units of ₹ 29.9762 each (March 31, 2024: Nil) in HDFC Short-term Debt	5,385.17	-
84,03,112.016 units of ₹ 59.5018 each (March 31, 2024: Nil) in ICICI Prudential Short-term Debt	5,383.10	-
	10,768.27	**-**
In others (carried at fair value through other comprehensive income)		
402,000 (March 31, 2024: 402,000) equity shares of ₹10 each in Andhra Pradesh Gas Power Corporation Limited	750.00	750.00
Less: Impairment of investments in Andhra Pradesh Gas Power Corporation Limited	(750.00)	(750.00)
Notes:		
Aggregate book value of unquoted current investments at cost	10,000.00	-
Change in fair value of the investments during the year	768.27	-
Total amount of impairment during the year	-	-
Aggregate amount of impairment in value of investments	750.00	750.00

6. OTHER FINANCIAL ASSETS

	As at March 31, 2025	As at March 31, 2024
(Unsecured, considered good)		
Non-current		
Security deposits	919.05	831.06
	919.05	**831.06**
Current		
Interest accrued on bank deposits	171.73	42.38
Unbilled revenues	49.83	246.41
	221.56	**288.79**

7. OTHER ASSETS

	As at March 31, 2025	As at March 31, 2024
(Unsecured, considered good)		
Non-current		
Prepaid expenses	23.31	16.53
Capital advances (Refer Note 39)	1,513.13	2,118.17
Balances with government authorities	23.37	46.23
	1,559.81	**2,180.93**

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

	As at March 31, 2025	As at March 31, 2024
Current		
Prepaid expenses	1,166.36	1,110.77
Advance to suppliers	2,215.80	1,573.61
Balances with government authorities	2,904.97	4,328.10
Export benefits receivable	626.02	662.14
Other advances	4.25	48.36
Carry forward excess Corporate Social Responsibility ('CSR') spend	-	11.68
	6,917.40	**7,734.66**

8. INVENTORIES (valued at lower of cost or net realisable value)

	As at March 31, 2025	As at March 31, 2024
Raw materials [including goods in transit of ₹ Nil (March 31, 2024 : ₹ 1,264.47)]	14,173.44	9,897.25
Work-in-progress	15,530.20	14,769.74
Finished goods	6,859.47	8,903.05
Stores and consumables	2,012.58	1,472.15
	38,575.69	**35,042.19**

9. TRADE RECEIVABLES

	As at March 31, 2025	As at March 31, 2024
Trade receivables unsecured, considered good	31,572.06	37,352.62
Trade receivables - credit impaired	237.85	63.15
	31,809.91	**37,415.77**
Less: Allowance for credit impaired	(237.85)	(63.15)
	31,572.06	**37,352.62**

Notes:

i. No trade receivables are due from any related parties including directors or other officers of the Company either severally or jointly with any other person.

ii. Refer Note 32 for the Company's credit risk management process.

iii. **Movement in the allowance for credit impaired trade receivables is as follows:**

	For the year ended March 31, 2025	For the year ended March 31, 2024
Balance at the beginning of the year	63.15	352.57
Allowance for credit impaired	170.06	(24.95)
Effect of changes in the foreign exchange rates	4.64	(17.79)
Credit impaired trade receivables written off during the year	-	(246.68)
Balance at the end of the year	**237.85**	**63.15**

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

iv. **Trade Receivables ageing schedule**

March 31, 2025

Particulars	Not Due	Outstanding for following periods from due date of Receipts					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	25,600.36	5,906.15	65.16	0.39	-	-	31,572.06
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	84.39	142.77	6.72	0.15	3.82	237.85
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Gross Receivables	**25,600.36**	**5,990.54**	**207.93**	**7.11**	**0.15**	**3.82**	**31,809.91**
Less: Allowance for credit impaired	-	84.39	142.77	6.72	0.15	3.82	237.85
Total	**25,600.36**	**5,906.15**	**65.16**	**0.39**	**-**	**-**	**31,572.06**

March 31, 2024

Particulars	Not Due	Outstanding for following periods from due date of Receipts					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	33,188.03	3,939.46	260.98	3.08	24.22	-	37,415.77
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Gross Receivables	**33,188.03**	**3,939.46**	**260.98**	**3.08**	**24.22**	**-**	**37,415.77**
Less: Allowance for credit impaired							63.15
Total							**37,352.62**

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

10. CASH AND CASH EQUIVALENTS

	As at March 31, 2025	As at March 31, 2024
Balance with banks:		
in current accounts	3,893.62	223.01
in deposits with maturity of less than 3 months	6,305.00	7,706.00
in cash credit accounts	2,835.61	673.35
Cash on hand	3.67	4.21
	13,037.90	**8,606.57**

11. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at March 31, 2025	As at March 31, 2024
Unpaid dividend accounts	19.88	13.78
Deposits with maturity of more than 3 months but less than 12 months*	12,668.98	2,908.22
	12,688.86	**2,922.00**

* Includes deposits amounting to ₹ 1,411.98 (March 31, 2024: ₹1,407.22) held as margin money/commitment with the banks.

12. EQUITY SHARE CAPITAL

	As at March 31, 2025		As at March 31, 2024	
	Number	Amount	Number	Amount
Authorized share capital				
Equity shares of ₹10 each	4,40,00,000	4,400.00	4,40,00,000	4,400.00
Issued share capital				
Equity shares of ₹10 each, fully paid-up	1,30,23,434	1,302.34	1,30,23,434	1,302.34
Subscribed share capital				
Equity shares of ₹10 each, fully paid-up	1,29,33,165	1,293.32	1,29,33,165	1,293.32
Fully paid-up share capital				
Equity shares of ₹10 each	1,28,29,889	1,282.99	1,28,29,889	1,282.99
Add: Forfeited equity shares of ₹10 each		7.06		7.06
Total		**1,290.05**		**1,290.05**

Notes:

i. **Reconciliation of number of equity shares outstanding at the beginning and at the end of the year**

	For the year ended March 31, 2025		For the year ended March 31, 2024	
	Number	Amount	Number	Amount
Equity shares				
Balance at the beginning of the year	1,282.99	1,28,29,889	1,282.99	1,28,29,889
Add: Issued during the year	-	-	-	-
Balance at the end of the year	**1,282.99**	**1,28,29,889**	**1,282.99**	**1,28,29,889**

ii. **Rights, preferences and restrictions attached to equity shares**

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts in proportion of their shareholding. The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share.

iii. Details of shareholders holding more than 5% equity shares in the Company :

Name of the equity shareholders	As at March 31, 2025		As at March 31, 2024	
	Number	Holding	Number	Holding
Davuluri Ownership Trust	33,33,352	25.98%	-	-
Dr. Davuluri Rama Mohan Rao	2,09,300	1.63%	27,69,974	21.59%
Malabar India Fund Limited	7,39,204	5.76%	12,77,096	9.95%

iv. Details of Shares held by Promoters at the end of the year :

S. No	Promoter name	March 31, 2025			March 31, 2024		
		No. of Shares	% of total shares	% Change during the year	No. of Shares	% of total shares	% Change during the year
1	Davuluri Ownership Trust	33,33,352	25.98	1.00	-	-	-
2	Davuluri Rama Mohan Rao	2,09,300	1.63	(0.92)	27,69,974	21.59	(0.14)
3	Davuluri Vijaya Rao^	5,000	0.04	(0.99)	6,13,338	4.78	-
4	Davuluri Sucheth Rao	2,57,969	2.01	(0.24)	3,37,542	2.63	-
5	Davuluri Saharsh Rao	2,07,625	1.62	(0.28)	2,87,087	2.24	0.13
6	Davuluri Rohini Niveditha Rao^	85,780	0.67	-	85,780	0.67	-
7	Gannabathula Venkata Krishna Rama Rao	31,827	0.25	(0.12)	36,027	0.28	(0.14)
8	Gannabathula Veeravenkata Satyanarayanamurty^	21,222	0.17	(0.08)	23,173	0.18	(0.15)
9	Gannabathula Uma Bala^	6,409	0.05	-	6,409	0.05	-
10	Usha Rani Reddy Chevalla^	33,500	0.26	(0.18)	40,634	0.32	(0.40)
11	Velugubanti S Prasadarao^	100	0.00	-	100	0.00	-
12	Suryanarayana M Siram^	100	0.00	-	100	0.00	-
	Total	**41,92,184**	**32.68**	**(1.81)**	**42,00,164**	**32.74**	**(0.70)**

^Part of Promoter Group

13. OTHER EQUITY

	As at March 31, 2025	As at March 31, 2024
Reserves and surplus		
Capital reserve	3.32	3.32
Securities premium	49,777.35	49,777.35
General reserve	2,789.65	2,789.65
Revaluation reserve	83.89	83.89
Retained earnings	98,877.06	74,730.70
Total reserves and surplus	**1,51,531.27**	**1,27,384.91**
Other comprehensive income		
Equity securities, net of taxes	(589.12)	(610.06)
Remeasurement of defined benefit plan, net of taxes	(453.14)	(411.01)
Total Other Comprehensive Income	**(1,042.26)**	**(1,021.07)**
	1,50,489.01	**1,26,363.84**

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

Notes :

Nature and purpose of reserves

Capital reserve

Capital reserve was created on account of merger of Neuland Drugs & Pharmaceuticals Private Limited with the Company. The capital reserve can be utilised in accordance with the provisions of the Act.

	For the year ended March 31, 2025	For the year ended March 31, 2024
Balances	3.32	3.32

Securities premium

The amount received in excess of face value of the equity shares is recognised in securities premium. In case of equity-settled share based payment transactions, the difference between fair value on grant date and face value of share is accounted as securities premium. This reserve is utilised in accordance with the provisions of the Act.

	For the year ended March 31, 2025	For the year ended March 31, 2024
Balances	49,777.35	49,777.35

General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

	For the year ended March 31, 2025	For the year ended March 31, 2024
Balances	2,789.65	2,789.65

Revaluation reserve

Revaluation reserve was created on account of revaluation of certain property, plant and equipment during the earlier years.

	For the year ended March 31, 2025	For the year ended March 31, 2024
Balances	83.89	83.89

Retained earnings

Retained earnings represent the Company's undistributed earnings after taxes.

	For the year ended March 31, 2025	For the year ended March 31, 2024
Opening Balance	74,730.70	46,054.07
Add: Profit for the year	25,942.54	29,959.62
Less: Final dividend	(1,796.18)	(1,282.99)
Closing Balance	**98,877.06**	**74,730.70**

FVTOCI equity instruments

The Company has elected to recognise the change in fair value of certain investments in other comprehensive income. These changes are accumulated within the FVTOCI equity instruments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity instruments are derecognised.

	For the year ended March 31, 2025	For the year ended March 31, 2024
Opening Balance	(610.06)	(693.16)
Add: Fair valuation changes for the year net of income tax	20.94	83.10
Closing Balance	**(589.12)**	**(610.06)**

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

Remeasurement of defined benefit plan

The reserve represents the remeasurement gains/(losses) arising from the actuarial valuation of the defined benefit plan of the Company. The remeasurement gains/(losses) are recognized in other comprehensive income and accumulated under this reserve within equity. The amounts recognized under this reserve are not reclassified to statement of profit and loss.

	For the year ended March 31, 2025	For the year ended March 31, 2024
Opening Balance	(411.01)	(468.70)
Add: Remeasurement of net defined benefit liability net of income tax	(42.13)	57.69
Closing Balance	**(453.14)**	**(411.01)**

14. BORROWINGS

	As at March 31, 2025	As at March 31, 2024
Non-current		
Secured		
Term loans		
From banks	13,073.30	7,190.73
Vehicle loans		
From banks	-	435.02
From financial institutions	527.71	624.95
	13,601.01	**8,250.70**
Less: Current maturities of long-term borrowings	4,528.27	3,758.64
	9,072.74	**4,492.06**

Notes :

(a) **Terms and conditions of loans and nature of security**

Loan	Currency	As at March 31, 2025	As at March 31, 2024	Number of instalments	Repayment start date
Term Loan 1	INR	481.29	1,123.00	28/ Quarterly	March'19
Term Loan 2	INR	267.86	625.00	28/ Quarterly	April'19
Term Loan 3	USD	-	814.47	17/ Quarterly	January'21
Term Loan 4	INR	1,048.41	1,745.48	20/ Quarterly	Oct'21
Term Loan 5	USD	1,972.00	2,882.78	20/ Quarterly	June'22
Term Loan 6	INR	9,203.74	-	20/ Quarterly	June'25
Term Loan 7	INR	100.00	-	20/ Quarterly	June'27

(b) The above loans are secured by pari-passu first charge on property, plant and equipment (both present and future) and second charge (hypothecation) on the current assets of the Company. The term loans of 1 & 3 from banks are also secured by way of personal guarantees extended by Dr. Davuluri Rama Mohan Rao and Davuluri Sucheth Rao which was released w.e.f October 10, 2023.

(c) Vehicles loans outstanding to the tune of ₹ 527.71 (March 31, 2024: ₹ 1,059.97) are secured by hypothecation of specific vehicles against which the loan was availed. These vehicle loans are repayable in instalments ranging from 35 to 59 months from the date of the loan.

(d) All the above loans carry interest in the range of 1.8% to 9.0% per annum as at March 31, 2025 (March 31, 2024: 1.8% to 8.6% per annum).

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

(e) The Company has utilised the Borrowings for the purpose for which it has obtained as mentioned in the respective agreements.

(f) Refer Note 32 for the Maturity profile of borrowings including current maturities.

14. BORROWINGS

	As at March 31, 2025	As at March 31, 2024
Current		
Current maturities of long-term borrowings	4,528.27	3,758.64
	4,528.27	**3,758.64**

Notes:

(i) The Company has access to financing facilities in the form of Letter of Credit / Bank Guarantee / Buyers Credit/Cash Credit facilities of which ₹ 35,140 (March 31, 2024 : ₹ 35,140) at the end of the reporting period.

(ii) The above loans with all working capital lenders are secured by way of pari-passu first charge on all the current assets of the Company and pari-passu second charge on Company's property, plant and equipment.

(iii) The quarterly returns/statements submitted with banks are in agreement of the books of accounts.

15. PROVISIONS

	As at March 31, 2025	As at March 31, 2024
Non-current		
Gratuity (Refer Note below and Note 38)	178.70	317.18
Compensated absences [Refer Note (vi) below]	485.04	395.58
	663.74	**712.76**
Current		
Compensated absences [Refer Note (vi) below]	209.72	163.59
	209.72	**163.59**

Notes:

Gratuity

The Company has a defined benefit funded gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Company has subscribed to a group gratuity scheme of Life Insurance Corporation of India (LIC), Kotak Gratuity Group Plan and SBI Life. Under the said policy, the eligible employees are entitled for gratuity upon their resignation or in the event of death in lumpsum after deduction of necessary taxes up to a maximum limit of ₹20.

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

The following table set out the status of the gratuity plan and the reconciliation of opening and closing balances of the present value and defined benefit obligation.

		As at/ For the year ended March 31, 2025	As at/ For the year ended March 31, 2024
(i)	**Change in projected benefit obligation**		
	Projected benefit obligation at the beginning of the year	1,999.25	1,763.63
	Service cost	164.12	145.12
	Interest cost	127.23	115.01
	Actuarial loss	95.83	169.56
	Benefits paid	(177.63)	(194.07)
	Projected benefit obligation at the end of the year	**2,208.80**	**1,999.25**
(ii)	**Change in plan assets**		
	Fair value of plan assets at the beginning of the year	1,682.07	1,108.64
	Value adjustment	39.53	246.66
	Expected return on plan assets	121.07	85.19
	Employer contributions	360.00	390.00
	Benefits paid	(172.57)	(148.42)
	Fair value of plan assets at the end of the year	**2,030.10**	**1,682.07**
(iii)	**Reconciliation of present value of obligation on the fair value of plan assets**		
	Present value of projected benefit obligation at the end of the year	2,208.80	1,999.25
	Funded status of the plans	(2,030.10)	(1,682.07)
	Net liability recognised in the balance sheet	**178.70**	**317.18**
(iv)	**Expense recognised in the statement of profit and loss**		
	Service cost	164.12	145.12
	Interest cost	127.23	115.01
	Expected returns on plan assets	(121.07)	(85.19)
	Net gratuity costs	**170.28**	**174.94**
(v)	**Expense recognised in OCI**		
	Recognised net actuarial (gain)/ loss	56.30	(77.10)
		56.30	**(77.10)**
(vi)	**Key actuarial assumptions for Gratuity and Compensated absences**		
	Financial assumptions		
	Discount rate	6.69%	7.17%
	Expected return on plan assets	7.17%	7.34%
	Withdrawal Rate	Service Based: <5 years : 30% >= 5 years : 15%	Service Based: <5 years : 30% >= 5 years : 15%
	Salary escalation rate	7.00%	7.00%
	Demographic assumptions		
	Mortality rate as per Indian Assured Lives Mortality 2012-14 table		

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

		As at/ For the year ended March 31, 2025	As at/ For the year ended March 31, 2024
(vii)	**Sensitivity Analysis**		
	The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate and salary escalation rate. The calculation of the net defined benefit liability is sensitive to respective assumptions, while holding all other assumptions constant. Sensitivity to these factors is disclosed below.		
	Projected defined benefit obligation	2,208.80	1,999.25
	Discount rate + 100 basis points	2,149.00	1,925.75
	Discount rate - 100 basis points	2,305.29	2,078.96
	Salary increase rate + 100 basis points	2,319.07	2,074.90
	Salary increase rate - 100 basis points	2,129.11	1,925.20

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

There has been no change in the process used by the Company to manage its risks from prior periods.

(viii)	**Maturity analysis of projected benefit obligation**		
	1 year	449.99	434.20
	2 to 5 years	1,092.21	939.08
	6 to 10 years	483.59	466.43
	More than 10 years	188.06	159.54

16. DEFERRED TAX LIABILITIES (NET)

	As at March 31, 2025	As at March 31, 2024
Deferred tax liabilities arising on account of :		
Property, plant and equipment, goodwill and other intangible assets	7,281.25	7,178.66
Fair value of investments	208.44	25.96
Deferred tax assets arising on account of :		
Employee benefits payable	(246.14)	(242.95)
Allowance for credit impaired trade receivables	(58.67)	(15.89)
Lease liability net of right-of-use assets	(28.81)	(16.74)
Investment property	-	(995.34)
Deferred tax liabilities (net)	**7,156.07**	**5,933.70**

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

2024-25	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
Deferred tax liabilities /(assets) in relation to:				
Property, plant and equipment, goodwill and other intangible assets	7,178.66	102.59	-	7,281.25
Employee benefits payable	(242.95)	10.63	(13.82)	(246.14)
Allowance for credit impaired trade receivables	(15.89)	(42.78)	-	(58.67)
Lease liability net of right-of-use assets	(16.74)	(12.07)	-	(28.81)
Fair value of investments	25.96	175.78	6.70	208.44
Investment property	(995.34)	995.34	-	-
Total	**5,933.70**	**1,229.49**	**(7.12)**	**7,156.07**

2023-24	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
Deferred tax liabilities /(assets) in relation to:				
Property, plant and equipment, goodwill and other intangible assets	7,082.05	96.61	-	7,178.66
Employee benefits payable	(420.80)	158.44	19.41	(242.95)
Allowance for credit impaired trade receivables	(88.73)	72.84	-	(15.89)
Lease liability net of right-of-use assets	-	(16.74)	-	(16.74)
Fair value of investments	-	-	25.96	25.96
Investment property	(842.92)	(152.42)	-	(995.34)
Total	**5,729.60**	**158.73**	**45.37**	**5,933.70**

17. TRADE PAYABLES

	As at March 31, 2025	As at March 31, 2024
Total outstanding dues of micro enterprises and small enterprises (Refer Note 43)	843.04	974.41
Total outstanding dues of creditors other than micro enterprises and small enterprises	25,247.16	18,879.47
	26,090.20	**19,853.88**

Notes:

i. Refer Note 32 for the Company's liquidity risk management process

ii. The above amount includes amounts payable to subsidiaries. [Refer Note 38 (c)]

iii. Trade payables ageing schedule:

March 31, 2025

Particulars	Current					
	Payables Not Due	Outstanding for following periods from due date of Payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	770.93	72.11	-	-	-	843.04
(ii) Disputed dues – MSME	-	-	-	-	-	-
(iii) Others	16,301.83	8,119.70	819.44	5.51	0.68	25,247.16
(iv) Disputed dues - Others	-	-	-	-	-	-
	17,072.76	**8,191.81**	**819.44**	**5.51**	**0.68**	**26,090.20**

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

March 31, 2024

Particulars	Current					
	Payables Not Due	Outstanding for following periods from due date of Payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	974.41	-	-	-	-	974.41
(ii) Disputed dues – MSME	-	-	-	-	-	-
(iii) Others	12,698.63	6,111.54	36.65	30.39	2.26	18,879.47
(iv) Disputed dues - Others	-	-	-	-	-	-
	13,673.04	**6,111.54**	**36.65**	**30.39**	**2.26**	**19,853.88**

18. OTHER FINANCIAL LIABILITIES

	As at March 31, 2025	As at March 31, 2024
Current		
Interest accrued but not due on borrowings	10.58	18.83
Interest accrued on micro enterprises and small enterprises payable	13.74	44.74
Unclaimed dividends	19.88	13.78
Capital creditors*	791.91	704.28
Employee benefits payable	2,743.30	4,496.29
Accrual for expenses	4,742.30	5,354.85
	8,321.71	**10,632.77**

* includes outstanding dues of MSME ₹ 102.96 (March 31, 2024: ₹ 231.60)

19. OTHER LIABILITIES

	As at March 31, 2025	As at March 31, 2024
Current		
Advances from customers	7,264.21	8,117.28
Liability towards Corporate Social Responsibility ('CSR') expenditure [Refer Note 28 (i)]	64.67	-
Statutory liabilities	553.90	485.89
	7,882.78	**8,603.17**

20. REVENUE FROM OPERATIONS

	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue from contracts with customers		
Sale of products	1,37,766.51	1,44,747.50
Sale of services	5,671.70	6,818.81
Other operating revenues		
Sale of impurities	387.16	131.60
Sale of scrap	1,544.21	1,754.64
Export incentives	2,314.15	2,405.50
	1,47,683.73	**1,55,858.05**

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

Disaggregation of revenue

Revenue based on Geography

	For the year ended March 31, 2025	For the year ended March 31, 2024
India	47,563.99	33,661.20
Europe	42,909.39	46,296.53
USA and North America	42,213.05	60,051.53
Rest of the world	14,997.30	15,848.79
	1,47,683.73	**1,55,858.05**

Performance Obligation:

Sale of products: Performance obligation in respect of sale of goods is satisfied when control of the goods is transferred to the customer, generally on delivery of the goods and payment is generally due as per the terms of contract with customers.

Sale of services: The performance obligation in respect of maintenance services is satisfied over a period of time and acceptance of the customer. In respect of these services, payment is generally due upon completion of maintenance period based on time elapsed and acceptance of the customer. In certain non-standard contracts, where the Company provides warranties in service of consumer durable goods, the same is accounted for as a separate performance obligation and a portion of the transaction price is allocated based on its relative standalone prices. The performance obligation for the warranty service is satisfied over a period of time based on time elapsed.

Remaining performance obligations

The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations in case of contracts for which revenues are recorded over a period of time is ₹211.36 (March 31, 2024: ₹1,151.93), which is expected to be fully recognised as revenue in the next year. No consideration from contracts with customers is excluded from the amount mentioned above and contract asset relating to partially satisfied performance obligations aggregates to ₹105.47 as at March 31, 2025 (March 31, 2024: ₹302.04)

*Reconciliation of revenues from sale of service with the contracted price

	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue as per contracted price	5,868.28	7,266.26
Adjustment for:		
Change in unbilled revenue	(196.58)	(447.45)
Revenue from contract with customers	**5,671.70**	**6,818.81**

21. OTHER INCOME

	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest income		
On fixed deposits with banks carried at amortised cost	957.99	734.63
On security deposits at amortised cost	28.19	19.64
On income tax refund	33.05	1.80
On electricity deposits at amortised cost	39.10	66.61
Net gain on foreign currency transaction and translation	59.57	-
Gain on fair valuation of investments carried at FVTPL	768.27	-
Insurance and other claims	9.30	28.17
Liabilities/provision no longer required written back	155.39	403.58
	2,050.86	**1,254.43**

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

22. COST OF MATERIALS CONSUMED

	For the year ended March 31, 2025	For the year ended March 31, 2024
Raw materials at the beginning of the year	9,897.25	8,095.22
Add: Purchases during the year*	61,756.87	65,044.71
Less: Raw materials at the end of the year	14,173.44	9,897.25
Total Cost of raw material consumed	**57,480.68**	**63,242.68**

* Disclosed based on derived figures

23. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	For the year ended March 31, 2025	For the year ended March 31, 2024
Opening stock		
- Finished goods	8,903.05	6,369.51
- Work-in-progress	14,769.74	11,788.88
	23,672.79	**18,158.39**
Closing stock		
- Finished goods	6,859.47	8,903.05
- Work-in-progress	15,530.20	14,769.74
	22,389.67	**23,672.79**
	1,283.12	**(5,514.40)**

24. EMPLOYEE BENEFITS EXPENSE

	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries, wages, bonus and other allowances	23,579.77	22,646.13
Contribution to provident and other funds (Refer Note below)	1,086.00	896.02
Gratuity expenses (Refer Note 15 and Note 38)	170.28	174.94
Compensated absences expenses	275.69	167.19
Staff welfare expenses	1,028.11	969.20
	26,139.85	**24,853.48**

Note: During the year ended March 31, 2025, the Company contributed ₹1,067.36 (March 31, 2024: ₹877.07) to provident fund and ₹18.64 (March 31,2024: ₹18.95) towards employee state insurance fund.

25. FINANCE COSTS

	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest expense on borrowings	741.99	607.27
Interest expense on lease liabilities (Refer Note 41)	137.68	67.29
Interest other costs	-	432.88
Other borrowing costs	250.65	292.28
	1,130.32	**1,399.72**
Less: Borrowing costs capitalised as a part of property, plant and equipment [Refer Note 3 (a)]	(300.73)	-
	829.59	**1,399.72**

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

26. DEPRECIATION AND AMORTISATION EXPENSES

	For the year ended March 31, 2025	For the year ended March 31, 2024
Depreciation on property, plant and equipment [Refer Note 3(a)]	5,930.24	5,511.44
Depreciation on right-of-use assets (Refer Note 41)	491.56	321.35
Depreciation on investment property [Refer Note 36 (a)]	-	31.54
Amortisation of intangible assets [Refer Note 4(a)]	132.39	105.58
	6,554.19	**5,969.91**

27. MANUFACTURING EXPENSES

	For the year ended March 31, 2025	For the year ended March 31, 2024
Consumption of stores and spare parts	5,777.12	5,373.98
Consumption of packing material	364.41	405.86
Power and fuel	5,056.42	4,872.27
Carriage inwards	318.63	241.62
Repairs and maintenance		
- Buildings	574.54	542.70
- Plant and equipment	1,059.56	1,221.17
- Others	1,624.34	1,491.41
Effluent treatment and testing charges	1,511.98	1,502.38
	16,287.00	**15,651.39**

28. OTHER EXPENSES

	For the year ended March 31, 2025	For the year ended March 31, 2024
Rent (Refer Note 41)	77.84	33.44
Corporate Social Responsibility ('CSR') expenditure (refer note i below)	491.52	297.29
Rates and taxes	561.35	806.69
Travelling and conveyance	1,976.32	1,731.02
Legal and professional fees	2,595.73	2,224.12
Remuneration to statutory auditors (refer note ii below)	55.39	48.80
Insurance	668.78	621.46
Subscription expense	1,729.52	1,178.14
Sales promotion expenses including commission	3,267.95	2,927.98
Freight and forwarding charges	937.89	617.45
Provision for credit impaired trade receivables	170.06	-
Net loss on foreign currency transaction and translation	-	5.52
Loss on sale of property, plant and equipment, net	731.06	40.16
Directors commission (Refer Note 38)	150.00	200.00
Directors sitting fees (Refer Note 38)	31.00	39.90
Miscellaneous expenses	818.78	660.81
	14,263.19	**11,432.78**

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

Notes:

(i) Details of CSR expenditure :

As per Section 135 of the Companies Act, 2013, a Company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR)activities. The Company has a CSR committee as per the Act. Our CSR activities are primarily aimed at serving disadvantaged, vulnerable, and marginalized stakeholders from weaker socio-economic backgrounds, in the communities where we operate. In the past year, we have focused on promoting education, skill development, empowering women, promoting health and well-being, providing clean water and sanitation, developing village infrastructure and environment sustainability.

We align our objectives with the Sustainable Development Goals (SDGs). Total expenditure required to be incurred on Corporate Social Responsibility (CSR) activities during the year ended March 31, 2025 is ₹ 491.52 (March 31, 2024 is ₹ 297.29). The Company has set off the excess CSR amount of ₹ 11.68 lakhs spent during the year FY 2023-24 against CSR obligation of FY 2024-25.

	For the year ended March 31, 2025	For the year ended March 31, 2024
a) Amount required to be spent by the company during the year	491.52	297.29
b) Amount of expenditure incurred on purpose other than construction/ acquisition of any asset	415.17	308.97
c) Excess spend of prior years set off during the year	11.68	-
d) Shortfall/(Excess) at the end of the year [(d)=(a)-(b)-(c)]	64.67*	(11.68)
e) Reason for shortfall	Pertains to ongoing projects	N.A.
f) Nature of ongoing projects	Promoting education, and environmental sustainability projects	N.A.

*The unspent amount on ongoing projects has been transferred to separate unspent CSR bank account on April 24, 2025.

(ii) Details of remuneration to statutory auditors (net of applicable taxes) :

	For the year ended March 31, 2025	For the year ended March 31, 2024
As auditor:		
- Statutory audit, limited review and tax audit	49.50	45.00
In other capacity:		
- Certifications	2.20	2.00
- Reimbursement of expenses	3.69	1.80
	55.39	**48.80**

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

29. TAX EXPENSES

	For the year ended March 31, 2025	For the year ended March 31, 2024
Income tax expense recognised in the statement of profit and loss consists of the following:		
Current income tax	7,365.30	9,958.57
Deferred tax expense	1,229.49	158.73
Total tax expense for the year	**8,594.79**	**10,117.30**
Income tax expense recognised in Other Comprehensive Income :		
Income tax impact on re-measurement of defined benefit plans	14.16	(19.41)
Income tax impact on Equity instruments	(7.04)	(25.96)
Income tax charged to Other Comprehensive Income	**7.12**	**(45.37)**

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 25.17% (March 31, 2024: 25.17%) and the reported tax expense in the statement of profit and loss is as follows:

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

	For the year ended March 31, 2025	For the year ended March 31, 2024
Profit before tax	34,537.33	40,076.92
Tax rate applicable to the Company	25.17%	25.17%
Estimated tax expense on profit	8,692.36	10,086.56
Increase/(decrease) in tax expenses on account of:		
Chapter VI A deduction	(25.92)	(27.54)
Expenses not deductible for tax purposes	131.51	89.36
Adjustment on amount of change in tax rate on capital items	995.34	-
Effect of lower tax rate on sale of investment property	(1,205.33)	-
Others	6.83	(31.08)
Tax expense	**8,594.79**	**10,117.30**

30. EARNINGS PER SHARE (EPS)

Earnings per share amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

	For the year ended March 31, 2025	For the year ended March 31, 2024
(a) Profit for the year	25,942.54	29,959.62
(b) **Computation of weighted average number of equity shares:**		
Weighted average number of equity shares outstanding during the year	1,28,29,889	1,28,29,889
(c) Face value of equity share (in absolute ₹)*	10.00	10.00
(d) EPS : Basic and diluted	**202.20**	**233.51**

* There are no items giving raise to dilutive equity share. Hence basic EPS is considered as diluted EPS

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

31. FAIR VALUE MEASUREMENTS

(i) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the Balance Sheet are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data either directly or indirectly.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) Financial assets and financial liabilities measured at fair value

Name of the equity shareholders	March 31, 2025		March 31, 2024	
	Level 1	Level 2	Level 1	Level 2
Financial assets				
Investments	10,768.27	152.89	-	127.88

(iii) Financial instruments by category

For amortised cost instruments, carrying value represents the best estimate of fair value.

	March 31, 2025			March 31, 2024		
	FVTPL	FVTOCI	Amortised cost/ at cost	FVTPL	FVTOCI	Amortised cost/ at cost
Financial assets						
Investments	10,768.27	152.89	15.82	-	127.88	15.82
Trade receivables	-	-	31,572.06	-	-	37,352.62
Cash and cash equivalents	-	-	13,037.90	-	-	8,606.57
Other bank balances	-	-	12,688.86	-	-	2,922.00
Other financial assets	-	-	1,140.61	-	-	1,119.85
Total financial assets	**10,768.27**	**152.89**	**58,455.25**	**-**	**127.88**	**50,016.86**

	March 31, 2025		March 31, 2024	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial liabilities				
Borrowings	-	13,601.01	-	8,250.70
Lease liability	-	2,112.75	-	1,288.26
Trade payables	-	26,090.20	-	19,853.88
Other financial liabilities	-	8,321.71	-	10,632.77
Total financial liabilities	**-**	**50,125.67**	**-**	**40,025.61**

The Company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets comprise of loans, trade and other receivables, cash and cash equivalents and other bank balances derived directly from its operations.

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

(iv) The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature. Difference between carrying amounts and fair values of bank deposits, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented. For all other amortised cost instruments, carrying value represents the best estimate of fair value.

For financial assets measured at fair values, the carrying amounts are equal to the fair values.

32. FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Company is exposed to various financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk, credit risk and liquidity risk. The Company's risk management policies are established to identify and analyse the risks faced by the Company and seek to, where appropriate, minimize potential impact of the risk and to control and monitor such risks. The Company's risk management is coordinated by the Board of Directors and focuses on securing long term and short term cash flows. The Company does not engage in trading of financial assets for speculative purposes.

The following sections provide details regarding the Company's exposure to the financial risks associated with financial instruments held in the ordinary course of business and the objectives, policies and processes for management of these risks.

A. Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings, deposits, trade receivables and other financial instruments.

The sensitivity analyses in the following sections relate to the position as at March 31, 2025 and March 31, 2024. The analysis exclude the impact of movements in market variables on the carrying values of gratuity and other post retirement obligations; provisions; and non-financial assets and liabilities.

i. Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has loan facilities on floating interest rate, which exposes the Company to risk of changes in interest rates. The management monitors the interest rate movement and manages the interest rate risk based on its policies, which include entering into interest rate swaps as considered necessary. The Company's investment in deposits with banks are for short durations and therefore do not expose the Company to significant interest rate risk. Below are the details of exposure to fixed rate and variable rate instruments:

Particulars	March 31, 2025	March 31, 2024
Fixed rate instruments		
Financial assets	18,973.98	10,614.22
Financial liabilities	2,499.71	3,942.75
Variable rate instruments		
Financial liabilities	11,101.30	4,307.95

Every 0.5% increase/decrease in the interest rate component applicable to the respective borrowings would effect the Company's net profit before tax resulting in an expense/income of ₹55.51 and ₹21.54 for the year ended March 31, 2025 and March 31, 2024 respectively.

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

ii. Foreign currency risk:

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's exposure to the risk of change in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in foreign currency) and financing activities (when borrowings are denominated in foreign currency), The foreign currencies in which these transactions are denominated are US Dollars, Euros, Japanese Yen, Great British Pound and Swiss Franc.

a) Significant foreign currency risk exposure relating to financial assets and financial liabilities expressed in ₹ terms are as follows:

Financial assets

Trade receivables	March 31, 2025	March 31, 2024
- USD	22,381.24	23,897.43
- EUR	135.46	378.00

Cash and cash equivalents	March 31, 2025	March 31, 2024
- USD	3,882.06	189.97

Financial liabilities

Trade payables	March 31, 2025	March 31, 2024
- USD	10,382.34	5,855.51
- EUR	8.02	79.56
- GBP	61.83	32.11
- CHF	7.69	-
- JPY	75.25	67.12

Borrowings	March 31, 2025	March 31, 2024
- USD	1,972.00	3,697.25

b) Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD and Euro exchange rates, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Impact on profit before tax for the year ended	
	March 31, 2025	March 31, 2024
USD sensitivity		
₹/USD - Increase by 5%	695.45	726.73
₹/USD - Decrease by 5%	(695.45)	(726.73)
EUR sensitivity		
₹/EUR - Increase by 5%	6.37	14.92
₹/EUR - Decrease by 5%	(6.37)	(14.92)

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

iii. **Equity price risk:**

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet as FVTOCI/FVTPL. An increase/(decrease) in fair value of investments by 10% shall impact the Company's equity and total comprehensive income by ₹1092.12 (March 31, 2024: ₹12.79).

B. Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company, leading to a financial loss. The Company is mainly exposed to the risk of its balances with the bankers and trade and other receivables. None of the Company's cash equivalents, other bank balances, loans and security deposits were past due or impaired as at March 31, 2025 and March 31, 2024.

Ageing of trade receivables is as follows:

	March 31, 2025	March 31, 2024
Neither past due nor impaired	25,600.36	33,188.03
Past due not impaired:		
0-180 days	5,906.15	3,939.46
Greater than 180 days	65.55	288.28
	31,572.06	**37,415.77**

C. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

March 31, 2025	Up to 1 year	From 1 to 3 years	More than 3 years	Total
Borrowings	4,528.27	5,512.13	3,560.61	13,601.01
Lease liabilities	434.36	720.21	1,870.75	3,025.32
Trade payables	26,090.20	-	-	26,090.20
Other financial liabilities	8,321.71	-	-	8,321.71
Total	**39,374.54**	**6,232.34**	**5,431.36**	**51,038.24**

March 31, 2024	Up to 1 year	From 1 to 3 years	More than 3 years	Total
Borrowings	3,758.64	4,429.47	62.59	8,250.70
Lease liabilities	472.09	851.09	223.74	1,546.92
Trade payables	19,853.88	-	-	19,853.88
Other financial liabilities	10,632.77	-	-	10,632.77
Total	**34,717.38**	**5,280.56**	**286.33**	**40,284.27**

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

33. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Hence, the Company may adjust any dividend payments, return capital to shareholders or issue new shares or sell assets to reduce debt. Total capital is the equity as shown in the statement of financial position. Currently, the Company primarily monitors its capital structure on the basis of the following gearing ratio. Management is continuously evolving strategies to optimize the returns and reduce the risks. It includes plans to optimize the financial leverage of the Company.

The capital for the reporting year under review is summarized as follows:

	As at March 31, 2025	As at March 31, 2024
Total borrowings	13,601.01	8,250.70
Less: Cash and cash equivalents (including bank deposits with original maturity between 3 to 12 months)	(25,706.88)	(11,514.79)
Net debt	**(12,105.87)**	**(3,264.09)**
Total equity	1,51,779.06	1,27,653.89
Net debt to equity ratio	**(7.98%)**	**(2.56%)**

34. NET DEBT RECONCILIATION

Particulars	Short-term borrowings	Long-term borrowings	Total
As at March 31, 2023	**1,115.75**	**11,035.24**	**12,150.99**
Cash flows (net)	(1,115.75)	(2,828.27)	(3,944.02)
For-ex adjustment	-	43.73	43.73
As at March 31, 2024	**-**	**8,250.70**	**8,250.70**
Cash flows (net)	-	5,534.29	5,534.29
For-ex adjustment	-	(183.98)	(183.98)
As at March 31, 2025	**-**	**13,601.01**	**13,601.01**

35. RESEARCH AND DEVELOPMENT EXPENSES

Details of research and development expenses (excluding depreciation and amortisation expense) incurred during the year and included under various heads of expenditures are given below:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue Expenditure		
Salaries and wages	2,668.71	2,329.81
Consumption of raw materials and consumables	991.31	895.29
Power and fuel	306.62	274.07
	3,966.64	**3,499.17**
Capital Expenditure	**2,157.13**	**846.29**

36(a) Investment property

Investment property comprises of carrying value of land and building, representing the cost incurred towards development and construction activity at the said land situated at Nanakramguda, Hyderabad, duly allotted by Telangana State Industrial Infrastructure Corporation Limited ("TSIIC") (erstwhile Andhra Pradesh Industrial Infrastructure Corporation Limited).

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Gross block		
Opening balance	1,992.07	1,992.07
Addition	-	-
Disposal	1,992.07	-
Closing balance	**-**	**1,992.07**
Accumulated depreciation		
Opening balance	89.31	57.77
Addition	-	31.54
Disposal	(89.31)	-
Closing balance	-	89.31
Net Block	**-**	**1,902.76**
Fair Value	**-**	**11,734.46**

36(b) During the year, the Company has fully transferred an investment property located in Nanakramguda, Hyderabad, Telangana, through perpetual lease, resulting in total profit of ₹ 7,640.36 lakhs being the profit is exceptional in nature, it has been disclosed as a separate line item.

37. GOODWILL

Pursuant to the Scheme of Amalgamation and Arrangement ("the Scheme") duly approved by the National Company Law Tribunal, Hyderabad Bench vide their order dated March 21, 2018, Neuland Health Sciences Private Limited ("NHSPL") and Neuland Pharma Research Private Limited ("NPRPL") (together referred to as "Transferor Companies"), were merged with the Company with appointed date of April 01, 2016. NHSPL is engaged in the business of conducting research and development of Peptides and NPRPL is in the business of contract research services.

The purchase consideration of ₹31,084.99 paid by way of issue of 22,70,635 equity shares of ₹10 each [in accordance with the Scheme, 45,90,608 equity shares of ₹10 each held by NHSPL in the Company stands cancelled and the Company shall issue 68,61,095 and 148 fully paid-up equity shares of ₹10 each to the shareholders of NHSPL and NPRPL respectively] at a premium of ₹1,359 per equity share.

Excess of consideration paid over net assets taken over aggregating to ₹27,946.10 is recognized as Goodwill.

Reconciliation of the carrying amount of goodwill:

	For the year ended March 31, 2025	For the year ended March 31, 2024
Opening balance	27,946.10	27,946.10
Add: Due to acquisition during the year	-	-
Less: Impairment/write off	-	-
Closing Balance	**27,946.10**	**27,946.10**

The recoverable amount of the above cash generating unit ("CGU") has been assessed using a value-in-use model. The recoverable value is computed based on the net present value of the projected post-tax cash flows plus a terminal value of the cash generating unit to which the goodwill is allocated. Initially a post-tax discount rate is applied to calculate the net present value of the post-tax cash flows. The cash flow projections include specific estimates for five years developed using internal forecasts and a terminal growth rate thereafter of 5%. The planning horizon reflects the assumptions for short-to-mid term market developments which are based on key assumptions such as margins, expected growth rates based on past experience, new product launches and management's expectations / extrapolation of normal increase / steady terminal growth rate. Discount rate reflects the current market assessment of the risks. The discount rate is estimated based on the weighted average cost of capital for the Company. Post-tax discount rates used were 13.57% for the year ended March 31, 2025. The management believes that any reasonable possible change in the key assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash- generating unit.

38. RELATED PARTY DISCLOSURES

(a) Names of the related parties and nature of relationship

Particulars
Subsidiaries
Neuland Laboratories Inc., USA
Neuland Laboratories K.K., Japan
Enterprise over which key management personnel exercise significant influence
Neuland Foundation
Entity that is a post-employment benefit plan for the benefit of employees
Neuland Laboratories Limited employees group gratuity scheme
Key Management Personnel
Dr. D. R. Rao - Executive Chairman
Mr. D. Sucheth Rao - Vice Chairman and CEO
Mr. D. Saharsh Rao - Vice Chairman & MD
Dr. Christopher M. Cimarusti - Non-Executive Non-Independent Director
Mr. Humayun Dhanrajgir - Non-Executive Independent Director (Resigned w.e.f September 25, 2023)
Mr. Parampally Vasudeva Maiya - Non-Executive Independent Director (Retired w.e.f March 31, 2024)
Mrs. Bharati Rao - Non-Executive Independent Director (Retired w.e.f May 8, 2024)
Dr. Nirmala Murthy - Non-Executive Independent Director
Mr. Homi Rustam Khusrokhan - Non-Executive Independent Director
Mr. Prasad Raghava Menon - Non-Executive Independent Director
Mr. Sugata Sircar -Non-Executive Independent Director
Mrs. Pallavi Joshi Bakhru - Non-Executive Independent Director
Mrs. Sarada Bhamidipati - Company Secretary
Mr. Abhijit Majumdar - Chief Financial Officer
Relatives of Key Management Personnel
Mrs. D. Vijaya Rao
Mrs. D. Rohini Niveditha Rao

(b) Transactions with related parties

	For the year ended March 31, 2025	For the year ended March 31, 2024
Subsidiaries		
Sales promotion expenses including commission	1,929.44	1,405.44
Transactions with KMP		
Managerial remuneration	3,254.86	4,673.89
Rent	290.20	276.39
Director's sitting fee	31.00	39.90

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

	For the year ended March 31, 2025	For the year ended March 31, 2024
Commission	150.00	200.00
Professional fee	20.29	8.58
Transactions with relatives of KMP		
Rent	91.68	87.31
Entity that is a post-employment benefit plan for the benefit of employees.		
Neuland Laboratories Limited employees group gratuity scheme	360.00	-

(c) Balances receivable/(payables)

		As at March 31, 2025	As at March 31, 2024
Subsidiaries			
Neuland Laboratories Inc., USA	Creditor for expenses	(794.99)	(595.21)
Neuland Laboratories K.K., Japan	Creditor for expenses	(75.25)	(63.29)
Key Management Personnel			
Mr. D. Sucheth Rao	Security deposit	121.40	121.40
Mr. D. Saharsh Rao	Security deposit	121.40	121.40
Dr. D. R. Rao	Remuneration payable	(555.00)	(1,185.00)
Mr. D. Sucheth Rao	Remuneration payable	(555.00)	(1,183.00)
Mr. D. Saharsh Rao	Remuneration payable	(555.00)	(1,183.00)
Mr. Abhijit Majumdar	Remuneration payable	(29.08)	(26.92)
Mrs. Sarada Bhamidipati	Remuneration payable	(3.45)	(2.84)
Non Executive Directors	Sitting Fee/Commission/ Professional Fee	(150.00)	(208.80)
Relative of Key Management Personnel			
Mrs. D Vijaya Rao	Security deposit	19.20	19.20

(d) Transaction with related parties

In accordance with the applicable provisions of the Income Tax Act, 1961, the Company is required to use certain specified methods in assessing that the transactions with the subsidiaries, are carried at an arm's length price and is also required to maintain prescribed information and documents to support such assessment. The appropriate method to be adopted will depend on the nature of transactions / class of transactions, class of associated persons, functions performed and other factors as prescribed. Based on certain internal analysis carried out, management believes that transactions entered into with the related parties were carried out at arms length prices.

39. COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to ₹8,325.51 (March 31, 2024: ₹5,791.13).

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

40. CONTINGENT LIABILITIES AND PENDING LITIGATIONS

	As at March 31, 2025	As at March 31, 2024
Disputed income tax liabilities		
Assessment year 2004-05 - refer note (a) below	693.33	693.33
Other income tax matters	73.78	54.87
Goods and Service Taxes		
Assessment year 2017-18 towards availment of transitional input tax credit (GST)	47.95	47.95
Assessment year 2017-18 towards Refund of un-utilised Education & Secondary Higher Education Cess & Krishi Kalyan Cess not transferred in Tran_1	64.38	64.38
ITC availed on Cancelled Dealers:		
Assessment year 2017-18	5.30	5.30
Assessment year 2018-19	8.19	-
Other Disputes/Matters		
Public litigation against land parcel allotment by APIICL- refer note (b) below	-	1,902.76
CIGSR Order for land parcel at Bonthapally in survey no 490/2- refer note (c) below	0.64	0.64
CIGSR Order for land parcel at Bonthapally in survey no 490/1- refer note (d) below	3.30	3.30
Certain disputes, for unascertained amounts are pending in the Labour Courts, Telangana Since, the chance of appellants succeeding in their claims is less than probable, the Company does not expects any liability in this respect.	Not ascertainable	Not ascertainable

Notes:

(a) The Income tax authorities had re-opened the income tax assessment of the Company for the assessment year 2004-05 later than the periods permitted by the provisions of the Income Tax Act, 1961 and thereby demanded an additional tax amount of ₹693.33 on account of disallowance of certain prior period expenditure recognized by the Company in the computation of gross total income for the assessment year then ended. Aggrieved by the order of the Income Tax department, the management had filed an appeal with the higher authorities which had been successfully decided in favour of the Company. The Income Tax department has however filed an appeal with the Hon'ble High Court of Telangana in this regard, which is pending final outcome. However, on the basis of its internal assessment and considering the order of the first level appellate authority, the Company is confident of securing an favourable order from the High Court and accordingly, no adjustments have been made to the standalone financial statements in this regard.

Other Disputes/Matters:

(b) During 2004, the Company was allotted land parcel by the then Andhra Pradesh Industrial Infrastructure Corporation Limited ("APIIC") for setting up a basic research and development center. Subsequently public interest litigation (PIL) was filed challenging allotments made by APIIC as unconstitutional and to cancel the allotments and resume the lands in all cases where the development has not commenced or the substantial progress has not been made as per the terms of allotments and regulations. During the year, the Hon'ble High Court of Telangana, vide its Order, disposed of the PIL, stating that it is not inclined to grant the relief prayed by the petitioners regarding the matter under dispute with respect to several companies including Neuland Laboratories Limited.

(c) Our Company purchased land in Survey No. 490/2 situated at Bonthapally Village, Jinnaram Mandal, Medak District. The Revenue department issued notices to our Company for resumption of the said land on the ground that the same was "assigned land". Our Company has filed an application before the Collector, Medak District for regularization of the said land as per the applicable laws. Our Company also filed a writ petition before the High Court praying for an order not to take any coercive steps. The High Court vide its order dated March 18, 2011 directed the revenue department to not take any coercive steps till the disposal of the representation filed by our Company.

The matter is pending before the Collector, Medak District. The management believes that the outcome will be in favour of the Company and hence no adjustment is made in the financial statements.

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

(d) During the financial year ended March 31, 2008, the Commissioner and Inspector General of Stamps and Registration (CIGSR), Andhra Pradesh has vide it's order dated February 22, 2008 has cancelled the registration of the land parcel owned by the Company situated at Bonthapally pursuant to complaint made by one of the seller. Aggrieved by the aforesaid order the Company has filed a writ petition challenging order of CIGSR with Hon'ble High Court of Telangana (the 'Court') as the Company was not involved during the proceedings. The Court has vide its order dated December 31, 2010 has directed to maintain the status quo with regards to the possession of the property till further orders passed. Proceedings of the case are still pending with the court. The management is confident that orders will be in the favour of the Company, hence no adjustment is deemed necessary to these standalone financial statements.

41. LEASES

The Company has entered into operating leases of office premises and residential bungalow, with no restrictions and are renewable at the option of either of the parties, for a period of 3 years to 10 years. There are no sub leases. The Company applies the short term lease and lease of low value assets recognition exemption for few leases.

	As at/ For the year ended March 31, 2025	As at/ For the year ended March 31, 2024
(i) The movement in right-of-use assets is as follows :		
Opening balance	1,221.75	609.45
Addition/Adjustment during the year	1,268.09	933.65
Deletions during the year	-	-
Depreciation charge for the year (Refer Note 26)	(491.56)	(321.35)
Closing balance	**1,998.28**	**1,221.75**
(ii) The break-up of current and non-current lease liabilities is as follows		
Non-current lease liabilities	1,861.76	920.34
Current lease liabilities	250.99	367.92
(iii) The movement in lease liabilities is as follows :		
Opening balance	1,288.26	693.98
Recognised/Adjustment made during the year	1,228.54	889.96
Unwinding of discount on lease liabilities	137.68	67.29
Deletions during the year	-	-
Payment of lease liabilities	(404.05)	(295.68)
Interest on lease liabilities (Refer Note 25)	(137.68)	(67.29)
Closing balance	**2,112.75**	**1,288.26**
(iv) The contractual maturities of lease liabilities on an undiscounted basis are as follows:		
Less than one year	434.36	472.09
One to five years	1,402.18	1,074.83
More than five years	1,188.78	-

Notes:

1. The aggregate depreciation expense on right-of-use assets of ₹ 491.56 (March 31, 2024: ₹ 321.35) is included under depreciation and amortization expense in the Statement of Profit and Loss.
2. Rental expense recorded for short-term and low value leases was ₹ 77.84 (March 31, 2024: ₹ 33.44) for the year ended March 31, 2025 (Refer Note 28).
3. The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

42. RATIOS

S No.	Ratio	Formula	Particulars: Numerator	Particulars: Denominator	Ratio as on March 31, 2025	Ratio as on March 31, 2024	Variation	Reason (If variation is more than 25%)
(a)	Current Ratio	Current Assets / Current Liabilities	Current Assets= Inventories + Current Investment + Trade Receivable + Cash & Cash Equivalents + Other Current Assets + Contract Assets + Assets held for Sale	Current Liability= Short term borrowings + Trade Payables + Other financial Liabilities+ Current tax (Liabilities) + Contract Liabilities+ Provisions + Other Current Liability	2.41	2.12	14%	Not a major variance
(b)	Debt-Equity Ratio	Debt / Equity	Debt= long term borrowing and current maturities of long-term borrowings	Equity= Equity + Reserve and Surplus	0.09	0.06	39%	Increase in long term loan during the year for funding capital expenditure towards fixed assets.
(c)	Debt Service Coverage Ratio	Net Operating Income / Debt Service	Net Operating Income= Net profit before taxes + Depreciation + finance cost	Debt Service = Interest & Lease Payments + Principal Repayments	6.61	8.77	-25%	Not a major variance
(d)	Return on Equity Ratio	Profit after tax less pref. Dividend x 100 / Shareholder's Equity	Net Income= Net Profits after taxes	Shareholder's Equity	17.09%	23.47%	-6%	Not a major variance
(e)	Inventory Turnover Ratio	Cost of Goods Sold / Average Inventory	Cost of Goods Sold	(Opening Inventory + Closing Inventory)/2	2.93	3.31	-12%	Not a major variance
(f)	Trade Receivables Turnover Ratio	Net Credit Sales / Average Trade Receivables	Net Credit Sales	(Opening Trade Receivables + Closing Trade Receivable)/2	4.20	4.15	1%	Not a major variance
(g)	Trade Payables Turnover Ratio	Net Credit Purchases / Average Trade Payables	Net Credit Purchases	(Opening Trade Payables + Closing Trade Payables)/2	2.69	3.45	-22%	Not a major variance
(h)	Net Capital Turnover Ratio	Revenue / Average Working Capital	Revenue	Average Working Capital= Average of Current assets – Current liabilities	2.57	3.90	-34%	Increase in current assets during the year attributable to cash and cash equivalents and short term investments
(i)	Net Profit Ratio	Net Profit / Net Sales	Net Profit	Net Sales	17.57%	19.22%	-2%	Not a major variance
(j)	Return on Capital Employed	EBIT / Capital Employed	EBIT= Earnings before interest and taxes	Average Capital Employed	17.87%	32.78%	-15%	Not a major variance
(k)	Return on Investment	Net Profit / Net Investment	Net Profit	Net Investment= Net Equity	17.09%	23.47%	-6%	Not a major variance

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

43. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

The amount due to Micro and Small Enterprises as defined in the 'The Micro, Small and Medium Enterprises Development Act, 2006' has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to Micro, Small and Medium Enterprises are as under:

Particulars	As at March 31, 2025	As at March 31, 2024
The principal amount remaining unpaid as at the end of the year*	946.00	1,206.01
The amount of interest accrued and remaining unpaid at the end of the year	13.74	26.83
The amount of interest due and payable for the period of delay in making payment without the interest specified under the (MSMED Act 2006).	-	-
Payments made beyond the appointed date during the year.	-	-
The amount of interest due and payable for the period of delay in making payment without the interest specified under the (MSMED Act 2006).	-	-
The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the (MSMED Act 2006).	-	-

* includes capital creditors of ₹ 102.96 (March 31, 2024: ₹ 231.60)

44. SEGMENT REPORTING

In accordance with Ind AS 108 - 'Operating segments', segment information has been given in the consolidated financial statements of the Company and therefore no separate disclosure on segment information is given in these standalone financial statements.

45. The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued.

The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

46. The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company did not have any long-term contracts (including derivative contracts) for which there were any material foreseeable losses.

47. OTHER STATUTORY INFORMATION:

i The Company does not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.

ii The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

iii The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

Notes forming part of the Standalone Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

iv The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.

v The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

vi The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

vii No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries).

viii The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

ix The Company does not have any undisclosed income which is not recorded in the books of account that has been surrendered or disclosed as income during the year (and previous year) in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

x The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

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

48. The standalone financial statements are approved for issue by the Company's Board of Directors on May 15, 2025.

As per our report of even date
For **M S K A & Associates**
Chartered Accountants
Firm's Registration No: 105047W

Prakash Chandra Bhutada
Partner
Membership No: 404621

Place: Hyderabad
Date: May 15, 2025

For and on behalf of the Board of Directors of
Neuland Laboratories Limited

Dr. D. R. Rao
Executive Chairman
DIN- 00107737

D. Sucheth Rao
Vice Chairman & CEO
DIN- 00108880

D. Saharsh Rao
Vice Chairman & Managing Director
DIN- 02753145

Abhijit Majumdar
Chief Financial Officer

Sarada Bhamidipati
Company Secretary

Place: Hyderabad
Date: May 15, 2025

Independent Auditor's Report

To the Members of **Neuland Laboratories Limited**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of **Neuland Laboratories Limited** ("the Holding Company") and its subsidiaries (Holding Company, and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2025, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including material accounting policy information and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of reports of other auditors on separate financial statements of subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group as at March 31, 2025, of consolidated profit and total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended March 31, 2025. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. We have determined the matter described below to be the key audit matter to be communicated in our report:

IMPAIRMENT OF GOODWILL (REFER NOTE 37 OF CONSOLIDATED FINANCIAL STATEMENTS):

The goodwill balance as of March 31, 2025, of ₹ 27,946.10 lakhs is pertaining to merger of Neuland Health Sciences Private Limited ("NHSPL") and Neuland Pharma Research Private Limited ("NPRPL") with the Company with appointed date of April 01, 2016.

As at March 31, 2025, Goodwill represents 12.82% of the Group's total assets and 18.33% of the Group's total shareholder's equity. The Holding Company has tested goodwill for impairment on an annual basis as required by "IND AS 36 - Impairment of Asset". In determining the fair value / value in use of business reporting units, the Holding Company has applied judgment in estimating future revenues, operating profit margins, long-term growth rate and discount rates.

Due to significance of the above matter and involvement of the significant management judgement in estimation of fair value / value in use, the assessment of recoverability of carrying value of goodwill is considered as key audit matter.

HOW THE KEY AUDIT MATTER WAS ADDRESSED IN OUR AUDIT:

Our audit procedures in respect of this area included, but are not limited to, following:

1. Obtained an understanding from the management of the Group with respect to process followed and assessed the design, implementation and tested the operating effectiveness of internal controls over impairment testing related to goodwill;
2. Assessed the Group's internal control over preparation of annual budgets and future forecasts for the business as a whole and the approach followed for annual impairment test and key assumptions applied;
3. Evaluated the reasonableness of the assumptions used and appropriateness of the valuation methodology applied and tested the discount rate and terminal growth rates used in the forecast including comparison to economic data, industry report, data from competitors and historic performances wherever appropriate to compare and corroborate;
4. Assessed reasonableness and appropriateness of the future revenue and margin projections, the historical accuracy of the Group's estimates and its ability to produce accurate long-term forecasts;
5. Compared the reasonableness of future operating cash flow forecasts with the business plan and budgets approved by the Board; and tested the mathematical accuracy of management's calculations;
6. Assessed the adequacy and appropriateness of the disclosures made in the Consolidated Financial Statements in compliance with the requirements of applicable Indian Accounting Standards and applicable financial reporting framework.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management report, Chairman's statement, Director's report, Business Responsibility and Sustainability Reporting etc. (hereinafter referred to as the "other information") but does not include the consolidated financial statements and our auditor's report thereon. The information included in other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the information included in the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'

RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Management and Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Consolidated Financial Statements.

OTHER MATTER

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹ 1,056.79 lakhs as at March 31, 2025, total revenues of ₹ 1,929.44 lakhs and net cash flows amounting to ₹ 4.17 lakhs for the year ended on that date, as considered in the consolidated financial statements. These subsidiaries are located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India.

These conversion adjustments have not been audited. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company. According to the information and explanations given to us by the management of the Holding Company, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the Separate Financial Statements of the subsidiaries referred to in the Other Matter section above we report, to the extent applicable, that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors except for the matters stated in the paragraph 1(h)(vi) below on reporting under Rule 11(g).

   c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

   e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2025, taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company are disqualified as on March 31, 2025, from being appointed as a director in terms of Section 164 (2) of the Act.

   f. With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

   g. The reservation relating to the maintenance of accounts and other matters concerned therewith are as stated in the paragraph 1(b) above on reporting under section 143(3)(b) and paragraph 1(h)(vi) below on reporting under Rule 11(g).

   h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 41 to the consolidated financial statements.

      ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company.

      iv. 1. Management of the Holding Company whose financial statements have been audited under the Act have represented to us that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company to or in any other person(s) or entity(ies), including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that such parties shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

      2. Management of the Holding Company whose financial statements have been audited under the Act have represented to us that, to the best of their knowledge and belief, no funds have been received by the Holding Company from any person(s) or entity(ies), including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Holding Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

      3. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and according to the information and explanations provided to us by the Management of the Holding company in this regard nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.

      v. On the basis of our verification, we report that the final dividend paid by the Holding Company during the year, in respect of the same declared for the previous year, is in accordance with section 123 of the Companies Act 2013 to the extent it applies to payment of dividend.

      The Board of Directors of the Holding Company has proposed final dividend for the year, which is subject to the approval of their respective members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend. (Refer Statement of Changes in Equity in the consolidated financial statements)

      vi. Based on our examination which included test checks, the Holding Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility except that no audit trail feature was enabled at the database level in respect of the accounting software to log any direct data changes.

      Further, where enabled, audit trail feature has operated throughout the period for all relevant transactions recorded in the accounting

software. Also, during the course of our audit, we did not come across any instance of audit trail feature being tampered with in respect of such accounting software. Additionally, the audit trail has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in respective years

2. In our opinion, according to information, explanations given to us, the remuneration paid/provided by the Holding company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

3. According to the information and explanations given to us and based on the CARO report issued by us for the Holding Company, we report that there are no Qualifications/adverse remarks.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Prakash Chandra Bhutada
Partner
Membership No. 404621
UDIN: 25404621BMOJER8843

Place: Hyderabad, India
Date: May 15, 2025

Annexure A

TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NEULAND LABORATORIES LIMITED

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management and Board of Directors.

- Conclude on the appropriateness of the management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended March 31, 2025 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Prakash Chandra Bhutada
Partner
Membership No. 404621
UDIN: 25404621BMOJER8843

Place: Hyderabad, India
Date: May 15, 2025

Annexure B

TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NEULAND LABORATORIES LIMITED

[Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Neuland Laboratories Limited, on the consolidated Financial Statements for the year ended March 31, 2025]

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

OPINION

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2025, we have audited the internal financial controls reference to consolidated financial statements of **Neuland Laboratories Limited** ("the Holding Company"), as of that date.

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2025, based on the internal financial controls with reference to consolidated financial statements criteria established by the Holding company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI").

MANAGEMENT AND BOARD OF DIRECTOR'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Management and the Board of Directors of the Holding Company are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Prakash Chandra Bhutada
Partner
Membership No. 404621
UDIN: 25404621BMOJER8843

Place: Hyderabad, India
Date: May 15, 2025

Consolidated Balance Sheet

As at March 31, 2025

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

		Note	As at March 31, 2025	As at March 31, 2024
I.	**ASSETS**			
	Non-current assets			
	Property, plant and equipment	3(a)	65,373.07	51,050.36
	Right-of-use assets	43	1,998.28	1,221.75
	Capital work-in-progress	3(b)	4,455.29	4,589.13
	Investment property	36(a)	-	1,902.76
	Goodwill	37	27,946.10	27,946.10
	Other intangible assets	4 (a)	174.32	245.81
	Intangible assets under development	4 (b)	311.08	-
	Financial assets			
	(i) Investments	5	152.89	127.88
	(ii) Other financial assets	6	935.16	846.71
	Income tax assets (net)		1,132.33	1,035.69
	Other non-current assets	7	1,559.95	2,181.84
	Total non-current assets		**1,04,038.47**	**91,148.03**
	Current assets			
	Inventories	8	38,575.69	35,042.19
	Financial assets			
	(i) Investments	5	10,768.27	-
	(ii) Trade receivables	9	31,572.06	37,352.62
	(iii) Cash and cash equivalents	10	13,193.04	8,757.54
	(iv) Bank balances other than cash and cash equivalents	11	12,688.86	2,922.00
	(v) Other financial assets	6	221.56	288.79
	Other current assets	7	6,930.21	7,744.93
	Total current assets		**1,13,949.69**	**92,108.07**
	Total assets		**2,17,988.16**	**1,83,256.10**
II.	**EQUITY AND LIABILITIES**			
	Equity			
	Equity share capital	12	1,290.05	1,290.05
	Other equity	13	1,51,190.58	1,26,980.43
	Total equity		**1,52,480.63**	**1,28,270.48**
	Liabilities			
	Non-current liabilities			
	Financial liabilities			
	(i) Borrowings	14	9,072.74	4,492.06
	(ia) Lease liabilities	43	1,861.76	920.34
	Provisions	15	722.23	760.98
	Deferred tax liabilities (net)	16	7,282.21	6,043.92
	Total non-current liabilities		**18,938.94**	**12,217.30**
	Current liabilities			
	Financial liabilities			
	(i) Borrowings	14	4,528.27	3,758.64
	(ia) Lease liabilities	43	250.99	367.92
	(ii) Trade payables			
	- total outstanding dues of micro and small enterprises	17	843.04	974.41
	- total outstanding dues of creditors other than micro and small enterprises		24,377.32	18,221.50
	(iii) Other financial liabilities	18	8,454.70	10,660.45
	Provisions	15	209.72	163.59
	Other current liabilities	19	7,895.70	8,613.67
	Current tax liabilities (net)		**8.85**	**8.14**
	Total current liabilities		**46,568.59**	**42,768.32**
	Total liabilities		**65,507.53**	**54,985.62**
	Total equity and liabilities		**2,17,988.16**	**1,83,256.10**

See accompanying notes forming part of the consolidated financial statements. 1-47

As per our report of even date
For **M S K A & Associates**
Chartered Accountants
Firm's Registration No: 105047W

Prakash Chandra Bhutada
Partner
Membership No: 404621

Place: Hyderabad
Date: May 15, 2025

For and on behalf of the Board of Directors of
Neuland Laboratories Limited

Dr. D. R. Rao
Executive Chairman
DIN- 00107737

D. Sucheth Rao
Vice Chairman & CEO
DIN- 00108880

D. Saharsh Rao
Vice Chairman & Managing Director
DIN- 02753145

Abhijit Majumdar
Chief Financial Officer

Sarada Bhamidipati
Company Secretary

Place: Hyderabad
Date: May 15, 2025

Consolidated Statement of Profit and Loss

for the year ended March 31, 2025

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

		Note	For the year ended March 31, 2025	For the year ended March 31, 2024
I.	**Income**			
	Revenue from operations	20	1,47,683.73	1,55,858.05
	Other income	21	2,050.93	1,254.43
	Total income (I)		**1,49,734.66**	**1,57,112.48**
II.	**Expenses**			
	Cost of materials consumed	22	57,480.68	63,242.68
	Changes in inventories of finished goods and work-in-progress	23	1,283.12	(5,514.40)
	Employee benefits expense	24	27,200.48	25,706.27
	Finance costs	25	829.71	1,399.74
	Depreciation and amortisation expenses	26	6,554.66	5,969.99
	Manufacturing expenses	27	16,287.00	15,651.39
	Other expenses	28	13,106.47	10,513.16
	Total expenses (II)		**1,22,742.12**	**1,16,968.83**
III.	**Profit before exceptional items and tax (I-II)**		**26,992.54**	**40,143.65**
IV.	**Exceptional items**	36(b)	7,640.36	-
V.	**Profit before tax (III+IV)**		**34,632.90**	**40,143.65**
VI.	**Tax expense**			
	Current tax	29	7,376.68	9,967.10
	Deferred tax		1,245.41	168.66
	Total tax expense (VI)		**8,622.09**	**10,135.76**
VII.	**Profit for the year (V-VI)**		**26,010.81**	**30,007.89**
VIII.	**Other comprehensive income**			
	Items not to be reclassified to profit or loss			
	Re-measurement gains/(losses) on defined benefit plans	15	(56.30)	77.10
	Equity instruments through other comprehensive income		27.99	109.06
	Tax on items that will not be reclassified to profit or loss	16	7.12	(45.37)
	Items to be reclassified to profit or loss			
	Exchange differences in translating the financial statements of foreign operations		16.71	(4.86)
	Other comprehensive income/ (loss) for the year, net of tax (VIII)		**(4.48)**	**135.93**
IX.	**Total comprehensive income for the year (VII+VIII)**		**26,006.33**	**30,143.82**
X.	**Earnings per share [EPS] (in absolute ₹ terms) (face value of ₹ 10 each)**	30		
	Basic and Diluted EPS (in ₹)		202.74	233.89

See accompanying notes forming part of the consolidated financial statements. 1-47

As per our report of even date
For **M S K A & Associates**
Chartered Accountants
Firm's Registration No: 105047W

Prakash Chandra Bhutada
Partner
Membership No: 404621

Place: Hyderabad
Date: May 15, 2025

For and on behalf of the Board of Directors of
Neuland Laboratories Limited

Dr. D. R. Rao
Executive Chairman
DIN- 00107737

D. Sucheth Rao
Vice Chairman & CEO
DIN- 00108880

D. Saharsh Rao
Vice Chairman & Managing Director
DIN- 02753145

Abhijit Majumdar
Chief Financial Officer

Sarada Bhamidipati
Company Secretary

Place: Hyderabad
Date: May 15, 2025

Consolidated Statement of Changes in Equity

for the year ended March 31, 2025

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

A EQUITY SHARE CAPITAL

	Number of shares	Amount *
As at March 31, 2023	**1,28,29,889**	**1,290.05**
Changes in equity share capital during the year	-	-
As at March 31, 2024	**1,28,29,889**	**1,290.05**
Changes in equity share capital during the year	-	-
As at March 31, 2025	**1,28,29,889**	**1,290.05**

* includes ₹7.06 received towards forfeiture of equity shares during the earlier years

B OTHER EQUITY

	Reserves and Surplus					Other Comprehensive Income			Total
	Capital reserve	Securities premium	General reserve	Revaluation reserve	Retained earnings	Equity securities	Foreign currency translation reserve	Re-measurement of defined benefit plans	
Balance as at March 31, 2023	**3.32**	**49,777.35**	**2,789.65**	**83.89**	**46,523.47**	**(693.16)**	**103.78**	**(468.70)**	**98,119.60**
Profit for the year	-	-	-	-	30,007.89	-	-	-	30,007.89
Dividends	-	-	-	-	(1,282.99)	-	-	-	(1,282.99)
Other comprehensive income (net of tax)	-	-	-	-	-	83.10	(4.86)	57.69	135.93
Balance as at March 31, 2024	**3.32**	**49,777.35**	**2,789.65**	**83.89**	**75,248.37**	**(610.06)**	**98.92**	**(411.01)**	**1,26,980.43**
Profit for the year	-	-	-	-	26,010.81	-	-	-	26,010.81
Dividends (Refer Note below)	-	-	-	-	(1,796.18)	-	-	-	(1,796.18)
Other comprehensive income (net of tax)	-	-	-	-	-	20.94	16.71	(42.13)	(4.48)
Balance as at March 31, 2025	**3.32**	**49,777.35**	**2,789.65**	**83.89**	**99,463.00**	**(589.12)**	**115.63**	**(453.14)**	**1,51,190.58**

In respect of the year ended March 31, 2025, the directors in their meeting held on May 15, 2025, have proposed a dividend of ₹ 12 per equity share of face value of ₹ 10 each. The proposed equity dividend is subject to approval by the shareholders at the Annual General meeting (AGM) and has not been included as a liability in these financial statements. The total estimated amount to be paid with respect to dividend is ₹ 1,539.59 lakhs.

In respect of the year ended March 31, 2024, the directors proposed a final dividend of ₹14 per equity share of face value of ₹10 each which was approved by the shareholders in the Annual General meeting (AGM) held on July 31, 2024. The total amount of such dividend paid is ₹ 1,796.18 lakhs.

See accompanying notes forming part of the consolidated financial statements. 1-47

As per our report of even date
For **M S K A & Associates**
Chartered Accountants
Firm's Registration No: 105047W

Prakash Chandra Bhutada
Partner
Membership No: 404621

Place: Hyderabad
Date: May 15, 2025

For and on behalf of the Board of Directors of
Neuland Laboratories Limited

Dr. D. R. Rao
Executive Chairman
DIN- 00107737

D. Sucheth Rao
Vice Chairman & CEO
DIN- 00108880

D. Saharsh Rao
Vice Chairman & Managing Director
DIN- 02753145

Abhijit Majumdar
Chief Financial Officer

Sarada Bhamidipati
Company Secretary

Place: Hyderabad
Date: May 15, 2025

Consolidated Statement of Cash Flows

for the year ended March 31, 2025

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

	For the year ended March 31, 2025	For the year ended March 31, 2024
Cash flow from operating activities		
Profit before tax	**34,632.90**	**40,143.65**
Adjustments to reconcile profit before tax to net cash flow:		
Depreciation and amortisation expenses	6,554.66	5,969.99
Interest income	(1,058.40)	(822.68)
Loss on sale of property, plant and equipment, net	731.06	40.16
Gain on sale of investment properties (Exceptional items)	(7,640.36)	-
Finance costs	829.71	1,399.74
Provision towards/(write-back) credit impaired trade receivables	170.06	(24.95)
Gain on fair valuation of investment carried at FVTPL	(768.27)	-
Unrealised foreign exchange gain, net	(18.95)	(354.71)
Operating cash flows before working capital changes	**33,432.41**	**46,351.20**
Movements in working capital:		
Adjustments for (increase)/decrease in operating assets:		
Inventories	(3,533.50)	(7,118.85)
Trade receivables	5,490.67	(866.29)
Other financial assets	62.52	327.41
Other assets	838.04	(2,242.24)
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables	5,875.67	2,032.84
Other financial liabilities	(2,285.13)	4,194.90
Provision for employee benefits	(48.92)	(199.49)
Other liabilities	(620.86)	(5,201.46)
Cash generated from operating activities	**39,210.90**	**37,278.02**
Income-taxes paid (net)	(7,472.62)	(11,160.35)
Net cash flow from operating activities (A)	**31,738.28**	**26,117.67**
Cash flows from investing activities		
Purchase of property, plant and equipment and other intangible assets	(20,646.40)	(14,366.98)
Proceeds from sale of investments property	9,543.13	-
Proceeds from sale of property, plant and equipment	116.42	126.32
Purchase of short term investments	(10,000.00)	-
Proceeds from redemption/sale of non -current investments (net)	2.97	33.67
Movement in other bank balances (net)	(9,760.76)	(1,551.01)
Interest income received	929.05	789.32
Net cash used in investing activities (B)	**(29,815.59)**	**(14,968.68)**
Cash flows from financing activities		
Proceeds from long-term borrowings	9,477.82	882.19
Repayment of long-term borrowings	(3,943.53)	(3,710.46)
Repayment of short-term borrowings (net)	-	(1,115.75)
Finance cost paid	(700.28)	(1,338.20)
Dividend paid	(1,796.18)	(1,282.99)
Payment of lease liabilities	(404.05)	(295.68)
Interest on lease liabilities	(137.68)	(67.29)
Net cash flow from/(used) in financing activities (C)	**2,496.10**	**(6,928.18)**
Net increase in cash and cash equivalents during the year (A + B + C)	**4,418.79**	**4,220.81**
Cash and cash equivalents at the beginning of the year	8,757.54	4,541.59
Effect of exchange rate changes on cash and cash equivalents	16.71	(4.86)
Cash and cash equivalents at the end of the year (Refer Note 10)	**13,193.04**	**8,757.54**

See accompanying notes forming part of the consolidated financial statements. 1-47

As per our report of even date
For **M S K A & Associates**
Chartered Accountants
Firm's Registration No: 105047W

Prakash Chandra Bhutada
Partner
Membership No: 404621

Place: Hyderabad
Date: May 15, 2025

For and on behalf of the Board of Directors of
Neuland Laboratories Limited

Dr. D. R. Rao
Executive Chairman
DIN- 00107737

D. Sucheth Rao
Vice Chairman & CEO
DIN- 00108880

D. Saharsh Rao
Vice Chairman & Managing Director
DIN- 02753145

Abhijit Majumdar
Chief Financial Officer

Sarada Bhamidipati
Company Secretary

Place: Hyderabad
Date: May 15, 2025

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

1. CORPORATE INFORMATION

Neuland Laboratories Limited (the "Company") is a public limited Company incorporated and domiciled in India. The Company's registered office is at 11th floor (5th level, Phoenix IVY III Building Plot No. 573A, Road Number 82, Jubilee Hills, Hyderabad 500033). The shares of the Company are listed on two recognised stock exchanges of India viz. the National Stock Exchange of India Limited and BSE Limited. The Company is engaged in manufacturing and selling of bulk drugs and caters to both domestic and international markets.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Statement of Compliance with Ind AS

The consolidated financial statements of the Company along with its subsidiaries (together referred to as "Group") have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as notified under Section 133 of the Companies Act 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015, as amended, issued by the Ministry of Corporate Affairs ('MCA').

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. These consolidated financial statements have been prepared for the Group as a going concern on the basis of relevant Ind AS that are effective at the Group's annual reporting date March 31, 2025.

These consolidated financial statements have been prepared on the historical cost convention and on an accrual basis except for the following material items in the balance sheet:

- Certain financial assets and liabilities which are measured at fair value;
- Net defined benefit assets / (liability) are measured at fair value of plan assets, less present value of defined benefit obligations.

Principles of consolidation

Subsidiary

Subsidiary is entity (including structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in full while preparing these consolidated financial statements.

Interest in the subsidiary

The following subsidiaries have been considered for the purpose of preparation of the consolidated financial statements:

Name of the subsidiary	Country of Incorporation	Percentage holding/ interest (%) As at March 31	
		2025	2024
Neuland Laboratories Inc.	United States of America	100	100
Neuland Laboratories K.K	Japan	100	100

Principal activity of the subsidiary is providing marketing support services to Neuland Laboratories Limited (Parent Company).

(i) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made and in any future periods affected.

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note (c), (e), (f) and (g) - Useful lives of property, plant and equipment, investment properties, goodwill and other intangible assets;
- Note (h) - Impairment;
- Note (i) - Financial instruments;
- Note (n) - Employee benefits;
- Note (r) - Provisions, contingent liabilities and contingent assets; and
- Note (p) - Income taxes

(ii) Summary of material accounting policies

The consolidated financial statements have been prepared using the accounting policies and measurement basis summarized below.

a. Functional currency

The consolidated financial statements are presented in Indian Rupee ('INR' or '₹') which is also the functional and presentation currency of the Group. All financial information presented in Indian rupees has been rounded to the nearest lakhs, unless otherwise stated.

b. Current and non-current classification

All the assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Division II – Ind AS Schedule III to the Act.

Based on nature of product and activities of the Group and their realisation in cash and cash equivalent, the Group has determined its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

c. Property, plant and equipment (PPE)

Items of PPE are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, taxes (other than those subsequently recoverable from tax authorities), borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are included in asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Group and the cost of item can be measured reliably. If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

An item of PPE and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date is classified as capital advances. Capital work- in- progress includes cost of PPE under installation / under development as at the balance sheet date.

Depreciation on property, plant and equipment is calculated on pro-rata basis on straight-line method using the useful lives of the assets estimated by management. The useful life is as follows:

Asset	Useful Life (in years)
Buildings	25 & 30
Plant and equipment	7 to 20
Office equipment	2 to 5
Furniture and fixtures	2 to 10
Vehicles	4 & 8
Computers	3 & 6

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

Depreciation on additions / disposals is provided on a pro-rata basis i.e. from / upto the date on which asset is ready for use / disposed-off.

The useful lives are based on historical experience with similar assets as well as anticipation of future events. The residual values are not more than 5% of the original cost of the assets. The residual values, useful lives and method of depreciation of are reviewed at each financial year-end and adjusted prospectively, if appropriate.

d. Leases :

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate standalone price of the non-lease components.

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in statement of profit and loss.

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

The Group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

e. Investment properties

Property that is held for long term rental yields or for capital appreciation or for both, and that is not occupied by the Group, is classified as investment property. Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. When the use of a property changes from owner occupied to investment property, the property is reclassified as investment property at it's carrying amount on the date of reclassification.

The useful life of investment property is estimated at 60yrs based on technical evaluation performed by management's expert.

f. Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the fair value of net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in other comprehensive income and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through other comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

g. Other intangible assets

Other intangible assets are stated at cost of acquisition less accumulated amortization and impairment loss, if any. These are derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising from disposal of the intangible assets are measured as the difference between

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the assets are disposed off.

Intangible assets are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The other intangible assets comprise of computer software expenditure and are amortized over a period of three years. The amortization period and the amortization method for an intangible asset is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

h. Impairment

Impairment of non-financial assets

The carrying amounts of the Group's PPE and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit for which the estimates of future cash flows have not been adjusted. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognised in the statement of profit or loss if the estimated recoverable amount of an asset or its cash generating unit is lower than its carrying amount. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been previously recognised.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets measured at amortised cost.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

i. Financial instruments

Initial Recognition and measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value and, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- fair value through other comprehensive income ("FVTOCI") – debt investment;
- FVTOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

Amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in Other Income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss.

FVTOCI – debt investment

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Group recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method

Equity investment

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVTOCI – equity investment). This election is made on an investment by-investment basis.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, including foreign exchange gain or loss and excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit or loss.

FVTPL

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit or loss. Any gain or loss on derecognition is also recognised in statement of profit or loss.

De-recognition

Financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

Financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as forward exchange contracts and interest rate risk exposures to hedge its risk associated with foreign currency fluctuations and changes in interest rates. Derivatives are initially measured at fair value and subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in statement of profit or loss, since the Group's hedging instruments did not qualify for hedge accounting in accordance with the Ind-AS 39. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, cash at banks, deposit held at call with financial institutions, other short - term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Other income - Dividend income

Dividend income is recognised when the Group's right to receive the payment is established, which is generally, when shareholders approve the dividend.

j. Inventories

Basis of valuation:

Inventories consist of raw materials, stores and spares, work-in-progress and finished goods are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Stores and spares, that do not qualify to be recognised as property, plant and equipment, consists of engineering spares (such as machinery spare parts) and consumables or consumed as indirect materials in the manufacturing process.

Method of Valuation:

The Cost of raw materials, stores and consumables has been determined by using weighted average cost method and comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventories to their present location and condition.

The Cost of finished goods and work-in-progress includes direct labour and an appropriate share of fixed and variable production overheads and excise duty as applicable. Fixed production overheads are allocated on the basis of normal capacity of production facilities. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

k. Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting period are translated into the functional currency at the exchange rate at that date. Non-monetary items denominated in foreign currencies which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the fair value was measured.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise

l. Revenue recognition

Revenue from contract with customers

The Group derives revenues primarily from sale of active pharmaceutical ingredients and contract research services. Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

i. the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or

ii. the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

iii. the Group's performance does not create an asset with an alternative use to the Group and an Group has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

recognised at the point in time at which the performance obligation is satisfied.

Revenue in excess of invoicing are classified as contract asset / unbilled revenue while collections in excess of revenues are classified as contract liabilities / advance from customers.

In respect of contracts involving bill-and-hold arrangements, the Group determines whether the control of the underlying products have been transferred to the customer. For the purpose of determining whether such control is transferred, the entity considers the following requirements as required by Ind AS 115:

i. The reason for the bill-and-hold arrangement is substantive (i.e. the physical possession with the entity is pursuant to the customer's explicit request);

ii. The product is separately identified as belonging to the customer;

iii. The product is ready for physical transfer to the customer; and

iv. The entity does not have the ability to use the product or to direct it to another customer.

The Group recognizes revenue in respect of bill-and-hold arrangements only when all of the aforementioned requirements are met. Further, at the time of such recognition, the entity also determines whether there are any material unsatisfied performance obligations and determines the portion of the aggregate consideration, if any, that needs to be allocated and deferred.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

Other operating revenue - Export incentives

Export Incentives under various schemes are recognised in the year of export in accordance with their respective underlying scheme at fair value of consideration received or receivable.

Other income - Interest income

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable. For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Other income - Dividend income

Dividend income is recognised when the Group's right to receive the payment is established, which is generally, when shareholders approve the dividend.

m. Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

n. Retirement and other employee benefits

Defined contribution plan

The Group's contributions to defined contribution plans are recognised as an expense as and when the services are received from the employees entitling them to the contributions.

Defined benefit plan

The liability in respect of defined benefit plans is calculated using the projected unit credit method with actuarial valuations being carried out at the end of each annual reporting period. The Group recognises the net obligation of a defined benefit plan as a liability in its balance sheet. Gains or losses through remeasurement of the net defined benefit liability are recognised in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The effect of any plan amendments are recognised in the statement of profit and loss.

o. Taxes

Tax expense recognized in statement of profit or loss consists of current and deferred tax except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity respectively.

Current income tax, assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) enacted in India by using tax rates and the tax laws that are enacted at the reporting date. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Group.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Withholding tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Group and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment.

p. Research and development expense

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognized as expense when incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if:

- The product or the process is technically and commercially feasible;
- Future economic benefits are probable and ascertainable;
- The Group intends to and has sufficient resources, technical and financial, to complete development of the product

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

and has the ability to use or sell the asset; and

- Development costs can be measured reliably.

Where the aforementioned criteria are not met, the expenditure is transferred to statement of profit and loss.

q. **Provisions, contingent liabilities and contingent assets**

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

r. **Exceptional items**

Exceptional items are transactions which due to their size or incidence are separately disclosed to enable a full understanding of the Group financial performance. Items which may be considered exceptional are significant restructuring charges, gains or losses on disposal of investments in subsidiaries, impairment losses/write down in value of investment in subsidiaries, significant disposal of property, plant and equipment, investment property etc.

(iii) Standards (including amendments) issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2025, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

3(a). PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant and equipment	Office equipment	Furniture and fixtures	Vehicles	Computers	Total
Gross carrying value (at cost/deemed cost)								
Balance as at March 31, 2023	**1,074.28**	**18,197.83**	**43,201.38**	**234.12**	**441.10**	**1,243.86**	**1,227.89**	**65,620.46**
Additions for the year	1,800.55	2,341.34	5,954.62	24.33	47.55	1,069.91	356.30	11,594.60
Disposals	-	(51.02)	(203.66)	-	-	(233.26)	-	(487.94)
Balance as at March 31, 2024	**2,874.83**	**20,488.15**	**48,952.34**	**258.45**	**488.65**	**2,080.51**	**1,584.19**	**76,727.12**
Additions for the year	434.26	3,208.91	16,473.28	62.83	91.67	561.95	268.00	21,100.90
Disposals	-	(278.32)	(4,659.95)	(53.75)	(50.67)	(329.63)	(192.68)	(5,565.00)
Balance as at March 31, 2025	**3,309.09**	**23,418.74**	**60,765.67**	**267.53**	**529.65**	**2,312.83**	**1,659.51**	**92,263.02**
Accumulated depreciation								
Balance as at March 31, 2023	**-**	**3,100.71**	**15,934.76**	**88.13**	**135.85**	**600.79**	**626.45**	**20,486.69**
Charge for the year	-	987.95	3,886.61	43.04	43.68	318.52	231.72	5,511.52
Disposals	-	(9.74)	(164.84)	-	-	(146.87)	-	(321.45)
Balance as at March 31, 2024	**-**	**4,078.92**	**19,656.53**	**131.17**	**179.53**	**772.44**	**858.17**	**25,676.76**
Charge for the year	-	950.67	4,164.33	49.45	47.00	437.15	282.11	5,930.71
Disposals	-	(73.96)	(4,123.32)	(48.91)	(44.02)	(246.44)	(180.87)	(4,717.52)
Balance as at March 31, 2025	**-**	**4,955.63**	**19,697.54**	**131.71**	**182.51**	**963.15**	**959.41**	**26,889.95**
Net carrying value as at March 31, 2024	**2,874.83**	**16,409.23**	**29,295.81**	**127.28**	**309.12**	**1,308.07**	**726.02**	**51,050.36**
Net carrying value as at March 31, 2025	**3,309.09**	**18,463.11**	**41,068.13**	**135.82**	**347.14**	**1,349.68**	**700.10**	**65,373.07**

Notes:

1. Refer Note 14 for details of property, plant and equipment subject to charge on secured borrowings
2. During the year the Group has capitalised finance costs amounting to ₹ 300.73 with the effective interest rate for capitalisation was approx 8.7%.

3(b). CAPITAL WORK-IN PROGRESS (CWIP)

(i) Capital work-in-progress

CWIP	As at April 1, 2024	Added during the year	Capitalised during the year	Closing as at March 31, 2025
Amount	4,589.13	20,967.06	(21,100.90)	4,455.29

CWIP	As at April 1, 2023	Added during the year	Capitalised during the year	Closing as at March 31, 2024
Amount	4,056.58	12,127.15	(11,594.60)	4,589.13

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

(ii) For Capital-work-in progress ageing schedule

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2025					
Projects in progress	4,434.10	21.19	-	-	4,455.29
Projects temporarily suspended	-	-	-	-	-

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2024					
Projects in progress	4,565.40	23.73	-	-	4,589.13
Projects temporarily suspended	-	-	-	-	-

Project execution plans are reviewed periodically on the basis of management judgement and estimates w.r.t future technology and development/economy/industry/regulatory environment and all the projects are assessed as per periodic plans.

4(a) OTHER INTANGIBLE ASSETS

	Computer Software (Acquired)
Gross carrying value (at cost/deemed cost)	
Balance as at March 31, 2023	**860.18**
Additions for the year	221.32
Balance as at March 31, 2024	**1,081.50**
Additions for the year	60.90
Deletion	18.35
Balance as at March 31, 2025	**1,124.05**
Accumulated amortisation	
Balance as at March 31, 2023	**730.11**
Charge for the year	105.58
Balance as at March 31, 2024	**835.69**
Charge for the year	132.39
Deletion	18.35
Balance as at March 31, 2025	**949.73**
Net carrying value as at March 31, 2024	**245.81**
Net carrying value as at March 31, 2025	**174.32**

4(b) INTANGIBLE ASSETS UNDER DEVELOPMENT

(i) Capital work-in-progress

Intangible assets under development	As at April 1, 2024	Addition during the year	Capitalised during the year	As at March 31, 2025
Computer Software	-	311.08	-	311.08

Intangible assets under development	As at April 1, 2023	Addition during the year	Capitalised during the year	As at March 31, 2024
Computer Software	-	-	-	-

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

(ii) For Intangible assets under development ageing schedule

Intangible assets under development	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2025					
Projects in progress	311.08	-	-	-	311.08
Projects temporarily suspended	-	-	-	-	-

CWIP	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2024					
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Project execution plans are reviewed periodically on the basis of management judgement and estimates w.r.t future technology and development/economy/industry/regulatory environment and all the projects are assessed as per periodic plans.

5. INVESTMENTS

	As at March 31, 2025	As at March 31, 2024
Non-current		
Investments in unquoted equity shares (fully paid up, unless stated otherwise)		
In others (carried at fair value through other comprehensive income)		
2,200 (March 31, 2024: 2,200) equity shares of ₹100 each in Jeedimetla Effluent Treatment Limited	25.58	21.55
209,136 (March 31, 2024: 209,136) equity shares of ₹10 each in Patancheru Enviro Tech Limited	127.31	104.72
Investments in unquoted government securities (carried at fair value through other comprehensive income)	-	1.61
Total non-current investments	**152.89**	**127.88**
Aggregate value of unquoted investments	152.89	127.88
Change in fair value of the investments during the year	26.62	103.16
Current		
Investment in unquoted equity shares (fully paid up, unless stated otherwise)		
Investment in unquoted mutual funds (carried at fair value through profit or loss)		
1,66,79,894.751 (March 31, 2024: Nil) units of ₹ 29.9762 each in HDFC Short Term Debt	5,385.17	-
84,03,112.016 (March 31, 2024: Nil) units of ₹ 59.5018 each in ICICI Prudential Short Term Debt	5,383.10	-
Total current investments	**10,768.27**	**-**
In others (carried at fair value through other comprehensive income)		
402,000 (March 31, 2024: 402,000) equity shares of ₹10 each in Andhra Pradesh Gas Power Corporation Limited	750.00	750.00
Less: Impairment of investments in Andhra Pradesh Gas Power Corporation Limited	(750.00)	(750.00)
	-	**-**

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

	As at March 31, 2025	As at March 31, 2024
Notes:		
Aggregate book value of unquoted current investments at cost	10,000.00	-
Change in fair value of the investments during the year	768.27	-
Total amount of impairment during the year	-	-
Aggregate amount of impairment in the value of investments	750.00	750.00

6. OTHER FINANCIAL ASSETS

	As at March 31, 2025	As at March 31, 2024
(Unsecured, considered good)		
Non-current		
Security deposits	935.16	846.71
	935.16	**846.71**
Current		
Interest accrued on bank deposits	171.73	42.38
Unbilled revenue	49.83	246.41
	221.56	**288.79**

7. OTHER ASSETS

	As at March 31, 2025	As at March 31, 2024
(Unsecured, considered good)		
Non-current		
Prepaid expenses	23.45	17.44
Capital advances (Refer Note 40)	1,513.13	2,118.17
Balances with government authorities	23.37	46.23
	1,559.95	**2,181.84**
Current		
Prepaid expenses	1,171.79	1,114.05
Advance to suppliers	2,215.91	1,573.61
Balances with government authorities	2,912.24	4,335.09
Export benefits receivable	626.02	662.14
Other advances	4.25	48.36
Carry forward excess Corporate Social Responsibility ('CSR') spend	-	11.68
	6,930.21	**7,744.93**

8. INVENTORIES (valued at lower of cost or net realisable value)

	As at March 31, 2025	As at March 31, 2024
Raw materials [including goods in transit of ₹ Nil (March 31, 2024 : ₹ 1,264.47)]	14,173.44	9,897.25
Work-in-progress	15,530.20	14,769.74
Finished goods	6,859.47	8,903.05
Stores and consumables	2,012.58	1,472.15
	38,575.69	**35,042.19**

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

9. TRADE RECEIVABLES

	As at March 31, 2025	As at March 31, 2024
Trade receivables unsecured, considered good	31,572.06	37,352.62
Trade receivables - credit impaired	237.85	63.15
	31,809.91	**37,415.77**
Less: Allowance for credit impaired	(237.85)	(63.15)
	31,572.06	**37,352.62**

Notes:

i. No trade receivables are due from any related parties including directors or other officers of the Company either severally or jointly with any other person.

ii. Refer Note 32 for the Company's credit risk management process

iii. Movement in the allowance for credit impaired trade receivables is as follows:

	For the year ended March 31, 2025	For the year ended March 31, 2024
Balance at the beginning of the year	63.15	352.57
Allowance for credit impaired	170.06	(24.95)
Effect of changes in the foreign exchange rates	4.64	(17.79)
Credit impaired trade receivables written off during the year	-	(246.68)
Balance at the end of the year	**237.85**	**63.15**

iv. **Trade Receivables ageing schedule**

March 31, 2025

Particulars	Not Due	Outstanding for following periods from due date of Receipts					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	25,600.36	5,906.15	65.16	0.39	-	-	31,572.06
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	84.39	142.77	6.72	0.15	3.82	237.85
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Gross Receivables	**25,600.36**	**5,990.54**	**207.93**	**7.11**	**0.15**	**3.82**	**31,809.91**
Less: Allowance for credit impaired	-	84.39	142.77	6.72	0.15	3.82	237.85
Total	**25,600.36**	**5,906.15**	**65.16**	**0.39**	**-**	**-**	**31,572.06**

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

March 31, 2024

Particulars	Not Due	Outstanding for following periods from due date of Receipts					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	33,188.03	3,939.46	260.98	3.08	24.22	-	37,415.77
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Gross Receivables	**33,188.03**	**3,939.46**	**260.98**	**3.08**	**24.22**	**-**	**37,415.77**
Less: Allowance for credit impaired							63.15
Total							**37,352.62**

10. CASH AND CASH EQUIVALENTS

	As at March 31, 2025	As at March 31, 2024
Balance with banks:		
in current accounts	4,048.76	373.98
in deposits with maturity of less than 3 months	6,305.00	7,706.00
in cash credit accounts	2,835.61	673.35
Cash on hand	3.67	4.21
	13,193.04	**8,757.54**

11. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at March 31, 2025	As at March 31, 2024
Unpaid dividend accounts	19.88	13.78
Deposits with maturity of more than 3 months but less than 12 months*	12,668.98	2,908.22
	12,688.86	**2,922.00**

* Includes deposits amounting to ₹ 1,411.98 (March 31, 2024: ₹1,407.22) held as margin money/commitment with the banks.

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

12. EQUITY SHARE CAPITAL

	As at March 31, 2025		As at March 31, 2024	
	Number	Amount	Number	Amount
Authorized share capital				
Equity shares of ₹10 each	4,40,00,000	4,400.00	4,40,00,000	4,400.00
Issued share capital				
Equity shares of ₹10 each, fully paid-up	1,30,23,434	1,302.34	1,30,23,434	1,302.34
Subscribed share capital				
Equity shares of ₹10 each, fully paid-up	1,29,33,165	1,293.32	1,29,33,165	1,293.32
Fully paid-up share capital				
Equity shares of ₹10 each	1,28,29,889	1,282.99	1,28,29,889	1,282.99
Add: Forfeited equity shares of ₹10 each		7.06		7.06
Total		**1,290.05**		**1,290.05**

Notes:

i. Reconciliation of number of equity shares outstanding at the beginning and at the end of the year

	For the year ended March 31, 2025		For the year ended March 31, 2024	
	Number	Amount	Number	Amount
Equity shares				
Balance at the beginning of the year	1,28,29,889	1,282.99	1,28,29,889	1,282.99
Add: Issued during the year	-	-	-	-
Balance at the end of the year	**1,28,29,889**	**1,282.99**	**1,28,29,889**	**1,282.99**

ii. Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts in proportion of their shareholding.

iii. Details of shareholders holding more than 5% equity shares in the Company

Name of the equity shareholders	As at March 31, 2025		As at March 31, 2024	
	Number	Holding	Number	Holding
Davuluri Ownership Trust	33,33,352	25.98%	-	-
Dr. Davuluri Rama Mohan Rao	2,09,300	1.63%	27,69,974	21.59%
Malabar India Fund Limited	7,39,204	5.76%	12,77,096	9.95%

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

iv. Details of Shares held by Promoters at the end of the year

S. No	Promoter name	March 31, 2025			March 31, 2024		
		No. of Shares	% of total shares	% Change during the year	No. of Shares	% of total shares	% Change during the year
1	Davuluri Ownership Trust	33,33,352	25.98	1.00			
2	Davuluri Rama Mohan Rao	2,09,300	1.63	(0.92)	27,69,974	21.59	(0.14)
3	Davuluri Vijaya Rao^	5,000	0.04	(0.99)	6,13,338	4.78	-
4	Davuluri Sucheth Rao	2,57,969	2.01	(0.24)	3,37,542	2.63	-
5	Davuluri Saharsh Rao	2,07,625	1.62	(0.28)	2,87,087	2.24	0.13
6	Davuluri Rohini Niveditha Rao^	85,780	0.67	-	85,780	0.67	-
7	Gannabathula Venkata Krishna Rama Rao	31,827	0.25	(0.12)	36,027	0.28	(0.14)
8	Gannabathula Veeravenkata Satyanarayanamurty^	21,222	0.17	(0.08)	23,173	0.18	(0.15)
9	Gannabathula Uma Bala^	6,409	0.05	-	6,409	0.05	-
10	Usha Rani Reddy Chevalla^	33,500	0.26	(0.18)	40,634	0.32	(0.40)
11	Velugubanti S Prasadarao^	100	0.00	-	100	0.00	-
12	Suryanarayana M Siram^	100	0.00	-	100	0.00	-
	Total	**41,92,184**	**32.68**	**(1.81)**	**42,00,164**	**32.74**	**(0.70)**

^ Part of Promoter Group

13. OTHER EQUITY

	As at March 31, 2025	As at March 31, 2024
Reserves and surplus		
Capital reserve	3.32	3.32
Securities premium	49,777.35	49,777.35
General reserve	2,789.65	2,789.65
Revaluation reserve	83.89	83.89
Retained earnings	99,463.00	75,248.37
Total reserves and surplus	**1,52,117.21**	**1,27,902.58**
Other comprehensive income		
Equity securities, net of taxes	(589.12)	(610.06)
Foreign currency translation reserve	115.63	98.92
Remeasurement of defined benefit plan, net of taxes	(453.14)	(411.01)
Total Other comprehensive income	**(926.63)**	**(922.15)**
	1,51,190.58	**1,26,980.43**

Notes :

Nature and purpose of reserves

Capital reserve

Capital reserve was created on account of merger of Neuland Drugs & Pharmaceuticals Private Limited with the Company. The capital reserve can be utilised in accordance with the provisions of the Act.

	For the year ended March 31, 2025	For the year ended March 31, 2024
Balances	3.32	3.32

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

Securities premium

The amount received in excess of face value of the equity shares is recognised in securities premium. In case of equity-settled share based payment transactions, the difference between fair value on grant date and face value of share is accounted as securities premium. This reserve is utilised in accordance with the provisions of the Act.

	For the year ended March 31, 2025	For the year ended March 31, 2024
Balances	49,777.35	49,777.35

General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

	For the year ended March 31, 2025	For the year ended March 31, 2024
Balances	2,789.65	2,789.65

Revaluation reserve

Revaluation reserve was created on account of revaluation of certain property, plant and equipment during the earlier years.

	For the year ended March 31, 2025	For the year ended March 31, 2024
Balances	83.89	83.89

Retained earnings

Retained earnings represent the Company's undistributed earnings after taxes.

	For the year ended March 31, 2025	For the year ended March 31, 2024
Opening Balance	75,248.37	46,523.47
Add: Profit for the year	26,010.81	30,007.89
Less: Final dividend	(1,796.18)	(1,282.99)
Closing Balance	**99,463.00**	**75,248.37**

FVTOCI equity instruments

The Company has elected to recognise the change in fair value of certain investments in other comprehensive income. These changes are accumulated within the FVTOCI equity instruments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity instruments are derecognised.

	For the year ended March 31, 2025	For the year ended March 31, 2024
Opening Balance	(610.06)	(693.16)
Add: Fair valuation changes for the year net of income tax	20.94	83.10
Closing Balance	**(589.12)**	**(610.06)**

Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

	For the year ended March 31, 2025	For the year ended March 31, 2024
Opening Balance	98.92	103.78
Add: Exchange differences arising on translation of the foreign operations during the year	16.71	(4.86)
Closing Balance	**115.63**	**98.92**

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

Remeasurement of defined benefit plan

The reserve represents the remeasurement gains/(losses) arising from the actuarial valuation of the defined benefit obligations of the Company. The remeasurement gains/(losses) are recognized in other comprehensive income and accumulated under this reserve within equity. The amounts recognized under this reserve are not reclassified to statement of profit and loss.

	For the year ended March 31, 2025	For the year ended March 31, 2024
Opening Balance	(411.01)	(468.70)
Add: Remeasurement of net defined benefit liability net of income tax	(42.13)	57.69
Closing Balance	**(453.14)**	**(411.01)**

14. BORROWINGS

	As at March 31, 2025	As at March 31, 2024
Non-current		
Secured		
Term loans		
From banks	13,073.30	7,190.73
Vehicle loans		
From banks	-	435.02
From financial institutions	527.71	624.95
	13,601.01	**8,250.70**
Less: Current maturities of long-term borrowings	4,528.27	3,758.64
	9,072.74	**4,492.06**

Notes :

(a) **Terms and conditions of loans and nature of security**

Loan	Currency	Outstanding Amount as at 31/03/2025	Outstanding Amount as at 31/03/2024	Number of instalments	Repayment start date
Term Loan 1	INR	481.29	1,123.00	28/ Quarterly	March'19
Term Loan 2	INR	267.86	625.00	28/ Quarterly	April'19
Term Loan 3	USD	-	814.47	17/ Quarterly	January'21
Term Loan 4	INR	1,048.41	1,745.48	20/ Quarterly	Oct'21
Term Loan 5	USD	1,972.00	2,882.78	20/ Quarterly	June'22
Term Loan 6	INR	9,203.74	-	20/ Quarterly	June'25
Term Loan 7	INR	100.00	-	20/ Quarterly	June'27

(b) The above loans are secured by pari-passu first charge on property, plant and equipment (both present and future) and second charge (hypothecation) on the current assets of the Company. The term loans of 1 & 3 from banks are also secured by way of personal guarantees extended by Dr. Davuluri Rama Mohan Rao and Davuluri Sucheth Rao which was released w.e.f October 10, 2023.

(c) Vehicles loans outstanding to the tune of ₹527.71 (March 31, 2024: ₹1,059.97) are secured by hypothecation of specific vehicles against which the loan was availed. These vehicle loans are repayable in instalments ranging from 35 to 59 months from the date of the loan.

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

(d) All the above loans carry interest in the range of 1.8% to 9.0% per annum as at March 31, 2025 (March 31, 2024: 1.8% to 8.6% per annum).

(e) The Company has utilised the Borrowings for the purpose for which it has obtained as mentioned in the respective agreements.

(f) Refer Note 32 for the Maturity profile of borrowings including current maturities.

14. BORROWINGS

	As at March 31, 2025	As at March 31, 2024
Current		
Current maturities of long-term borrowings	4,528.27	3,758.64
	4,528.27	**3,758.64**

Notes:

(i) The Group has access to financing facilities in the form of Letter of Credit / Bank Guarantee / Buyers Credit/Cash Credit facilities of which ₹ 35,140 (March 31, 2024 : ₹ 35,140) at the end of the reporting period.

(ii) The above loans with all working capital lenders are secured by way of pari-passu first charge on all the current assets of the Company and pari-passu second charge on Company's property, plant and equipment.

(iii) The quarterly returns/statements submitted with banks are in agreement of the books of accounts.

15. PROVISIONS

	As at March 31, 2025	As at March 31, 2024
Non-current		
Gratuity (Refer Note below)	237.19	365.40
Compensated absences [Refer Note (vi) below]	485.04	395.58
	722.23	**760.98**
Current		
Compensated absences [Refer Note (vi) below]	209.72	163.59
	209.72	**163.59**

Notes:

Gratuity

The Company has a defined benefit funded gratuity plan. Every employee who has completed five years or more of service gets gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Company has subscribed to a group gratuity scheme of Life Insurance Corporation of India (LIC), Kotak Gratuity Group Plan and SBI Life. Under the said policy, the eligible employees are entitled for gratuity upon their resignation or in the event of death in lumpsum after deduction of necessary taxes up to a maximum limit of ₹20.

The following table set out the status of the gratuity plan and the reconciliation of opening and closing balances of the present value and defined benefit obligation.

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

		As at/ For the year ended March 31, 2025	As at/ For the year ended March 31, 2024
(i)	**Change in projected benefit obligation**		
	Projected benefit obligation at the beginning of the year	2,047.47	1,809.40
	Service cost	174.39	147.56
	Interest cost	127.23	115.01
	Actuarial loss	95.83	169.57
	Benefits paid	(177.63)	(194.07)
	Projected benefit obligation at the end of the year	**2,267.29**	**2,047.47**
(ii)	**Change in plan assets**		
	Fair value of plan assets at the beginning of the year	1,682.07	1,108.64
	Value adjustment	39.53	246.66
	Expected return on plan assets	121.07	85.19
	Employer contributions	360.00	390.00
	Benefits paid	(172.57)	(148.42)
	Fair value of plan assets at the end of the year	**2,030.10**	**1,682.07**
(iii)	**Reconciliation of present value of obligation on the fair value of plan assets**		
	Present value of projected benefit obligation at the end of the year	2,267.29	2,047.47
	Funded status of the plans	(2,030.10)	(1,682.07)
	Net liability recognised in the balance sheet	**237.19**	**365.40**
(iv)	**Expense recognized in the statement of profit and loss**		
	Service cost	174.39	147.56
	Interest cost	127.23	115.01
	Expected returns on plan assets	(121.07)	(85.19)
	Net gratuity costs	**180.55**	**177.38**
(v)	**Expense recognized in OCI**		
	Recognized net actuarial (gain)/ loss	56.30	(77.10)
		56.30	**(77.10)**
(vi)	**Key actuarial assumptions for Gratuity and Compensated absences**		
	Financial assumptions		
	Discount rate	6.69%	7.17%
	Expected return on plan assets	7.17%	7.34%
	Withdrawal Rate	Service Based: <5 years : 30% >= 5 years :15%	Service Based: <5 years : 30% >= 5 years : 15%
	Salary escalation rate	7.00%	7.00%
	Demographic assumptions		
	Mortality rate as per Indian Assured Lives Mortality 2012-14 table		

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

		As at/ For the year ended March 31, 2025	As at/ For the year ended March 31, 2024
(vii)	**Sensitivity Analysis**		
	The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate and salary escalation rate. The calculation of the net defined benefit liability is sensitive to respective assumptions, while holding all other assumptions constant. Sensitivity to these factors is disclosed below.		
	Projected defined benefit obligation	2,267.29	2,047.47
	Discount rate + 100 basis points	2,149.00	1,925.75
	Discount rate - 100 basis points	2,305.29	2,078.96
	Salary increase rate + 100 basis points	2,319.07	2,074.90
	Salary increase rate - 100 basis points	2,129.11	1,925.20

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

There has been no change in the process used by the Company to manage its risks from prior periods.

(viii)	**Maturity analysis of projected benefit obligation**		
	1 year	503.42	482.42
	2 to 5 years	1092.21	939.08
	6 to 10 years	483.59	466.43
	More than 10 years	188.06	159.54

16. DEFERRED TAX LIABILITIES (NET)

	As at March 31, 2025	As at March 31, 2024
Deferred tax liabilities arising on account of :		
Property, plant and equipment, goodwill and other intangible assets	7,281.25	7,178.66
Fair value of investments	208.44	25.96
Others	126.14	110.22
Deferred tax assets arising on account of :		
Employee benefits	(246.14)	(242.95)
Allowance for credit impaired trade receivables	(58.67)	(15.89)
Lease liability net of right-of-use assets	(28.81)	(16.74)
Investment property	-	(995.34)
Deferred tax liabilities (net)	**7,282.21**	**6,043.92**

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

2024-25	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
Deferred tax liabilities /(assets) in relation to:				
Property, plant and equipment, goodwill and other intangible assets	7,178.66	102.59	-	7,281.25
Employee benefits payable	(242.95)	10.63	(13.82)	(246.14)
Allowance for credit impaired trade receivables	(15.89)	(42.78)	-	(58.67)
Lease liability net of right-of-use assets	(16.74)	(12.07)	-	(28.81)
Fair value of investments	25.96	175.78	6.70	208.44
Investment property	(995.34)	995.34	-	-
Others	110.22	15.92	-	126.14
Total	**6,043.92**	**1,245.41**	**(7.12)**	**7,282.21**

2023-24	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
Deferred tax liabilities /(assets) in relation to:				
Property, plant and equipment, goodwill and other intangible assets	7,082.05	96.61	-	7,178.66
Employee benefits payable	(420.80)	158.44	19.41	(242.95)
Allowance for credit impaired trade receivables	(88.73)	72.84	-	(15.89)
Lease liability net of right-of-use assets	-	(16.74)	-	(16.74)
Fair value of investments	-	-	25.96	25.96
Investment property	(842.92)	(152.42)	-	(995.34)
Others	100.29	9.93	-	110.22
Total	**5,829.89**	**168.66**	**45.37**	**6,043.92**

17. TRADE PAYABLES

	As at March 31, 2025	As at March 31, 2024
Total outstanding dues of micro enterprises and small enterprises (MSME)	843.04	974.41
Total outstanding dues of creditors other than micro enterprises and small enterprises	24,377.32	18,221.50
	25,220.36	**19,195.91**

Notes:

i. Refer Note 32 for the Company's liquidity risk management process

ii. Trade payables ageing schedule:

March 31, 2025

Particulars	Current					
	Payables Not Due	Outstanding for following periods from due date of Payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	770.93	72.11	-	-	-	843.04
(ii) Disputed dues - MSME	-	-	-	-	-	-
(iii) Others	15,431.99	8,119.70	819.44	5.51	0.68	24,377.32
(iv) Disputed dues - Others	-	-	-	-	-	-
	16,202.92	**8,191.81**	**819.44**	**5.51**	**0.68**	**25,220.36**

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

March 31, 2024

Particulars	Current					
	Payables Not Due	Outstanding for following periods from due date of Payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	974.41	-	-	-	-	974.41
(ii) Disputed dues - MSME	-	-	-	-	-	-
(iii) Others	12,040.66	6,111.54	36.65	30.39	2.26	18,221.50
(iv) Disputed dues - Others	-	-	-	-	-	-
	13,015.07	**6,111.54**	**36.65**	**30.39**	**2.26**	**19,195.91**

18. OTHER FINANCIAL LIABILITIES

	As at March 31, 2025	As at March 31, 2024
Current		
Interest accrued but not due on borrowings	10.58	18.83
Interest accrued on micro enterprises and small enterprises payable	13.74	44.74
Unclaimed dividends	19.88	13.78
Capital creditors*	791.91	704.28
Employee benefits payable	2,747.83	4,498.37
Accrual for expenses	4,870.76	5,380.45
	8,454.70	**10,660.45**

* includes outstanding dues of MSME ₹ 102.96 (March 31, 2024: ₹ 231.60)

19. OTHER LIABILITIES

	As at March 31, 2025	As at March 31, 2024
Current		
Advance from customers	7,264.21	8,117.28
Liability towards Corporate Social Responsibility ('CSR') expenditure	64.67	-
Statutory liabilities	566.82	496.39
	7,895.70	**8,613.67**

20. REVENUE FROM OPERATIONS

	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue from contracts with customers		
Sale of products	1,37,766.51	1,44,747.50
Sale of services	5,671.70	6,818.81
Other operating revenue		
Sale of impurities	387.16	131.60
Sale of scrap	1,544.21	1,754.64
Export incentives	2,314.15	2,405.50
	1,47,683.73	**1,55,858.05**

Revenue disaggregation as per geography has been included in segment information (Refer Note 38).

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

Performance Obligation:

Sale of products: Performance obligation in respect of sale of goods is satisfied when control of the goods is transferred to the customer, generally on delivery of the goods and payment is generally due as per the terms of contract with customers.

Sale of services: The performance obligation in respect of maintenance services is satisfied over a period of time and acceptance of the customer. In respect of these services, payment is generally due upon completion of maintenance period based on time elapsed and acceptance of the customer. In certain non-standard contracts, where the Company provides warranties in service of consumer durable goods, the same is accounted for as a separate performance obligation and a portion of the transaction price is allocated based on its relative standalone prices. The performance obligation for the warranty service is satisfied over a period of time based on time elapsed.

Remaining performance obligations

The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations in case of contracts for which revenues are recorded over a period of time is ₹211.96 (March 31, 2024: ₹1,151.93), which is expected to be fully recognised as revenue in the next year. No consideration from contracts with customers is excluded from the amount mentioned above and contract asset relating to partially satisfied performance obligations aggregates to ₹105.47 as at March 31, 2025 (March 31, 2024: ₹302.04)

*Reconciliation of revenues from sale of service with the contracted price

	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue as per contracted price	5,868.28	7,266.26
Adjustment for:		
Change in unbilled revenue	(196.58)	(447.45)
Revenue from contract with customers	**5,671.70**	**6,818.81**

21. OTHER INCOME

	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest income		
On fixed deposits with banks carried at amortised cost	958.06	734.63
On security deposits at amortised cost	28.19	19.64
On income tax refund	33.05	1.80
On electricity deposits at amortised cost	39.10	66.61
Net gain on foreign currency transaction and translation	59.57	-
Gain on fair valuation of investments carried at FVTPL	768.27	-
Insurance and other claims	9.30	28.17
Liabilities/provision no longer required written back	155.39	403.58
	2,050.93	**1,254.43**

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

22. COST OF MATERIALS CONSUMED

	For the year ended March 31, 2025	For the year ended March 31, 2024
Raw materials at the beginning of the year	9,897.25	8,095.22
Add: Purchases during the year*	61,756.87	65,044.71
Less: Raw materials at the end of the year	14,173.44	9,897.25
Total Cost of materials consumed	**57,480.68**	**63,242.68**

* Disclosed based on derived figures.

23. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	For the year ended March 31, 2025	For the year ended March 31, 2024
Opening stock		
- Finished goods	8,903.05	6,369.51
- Work-in-progress	14,769.74	11,788.88
	23,672.79	**18,158.39**
Closing stock		
- Finished goods	6,859.47	8,903.05
- Work-in-progress	15,530.20	14,769.74
	22,389.67	**23,672.79**
	1,283.12	**(5,514.40)**

24. EMPLOYEE BENEFITS EXPENSE

	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries, wages, bonus and other allowances	24,490.08	23,370.81
Contribution to provident and other funds (Refer Note below)	1,136.87	942.88
Gratuity expense (Refer Note 15 and Note 39)	180.55	177.38
Compensated absences expense	275.69	167.19
Staff welfare expenses	1,117.29	1,048.01
	27,200.48	**25,706.27**

Note: During the year ended March 31, 2025, the Group contributed ₹1,118.23 (March 31, 2024: ₹923.93) to provident fund and ₹18.64 (March 31, 2024: ₹18.95) towards employee state insurance fund

25. FINANCE COSTS

	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest expense on borrowings	741.99	607.27
Interest expense on lease liabilities (Refer Note 43)	137.68	67.29
Interest other costs	-	432.88
Other borrowing costs	250.77	292.30
	1,130.44	**1,399.74**
Less: Borrowing costs capitalised as a part of property, plant and equipment [Refer Note 3 (a)]	(300.73)	-
	829.71	**1,399.74**

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

26. DEPRECIATION AND AMORTISATION EXPENSE

	For the year ended March 31, 2025	For the year ended March 31, 2024
Depreciation on property, plant and equipment (Refer Note 3(a))	5,930.71	5,511.52
Depreciation on right-of-use assets (Refer Note 43)	491.56	321.35
Depreciation on investment property [Refer Note 36(a)]	-	31.54
Amortisation of intangible assets [Refer Note 4(a)]	132.39	105.58
	6,554.66	**5,969.99**

27. MANUFACTURING EXPENSES

	For the year ended March 31, 2025	For the year ended March 31, 2024
Consumption of stores and spare parts	5,777.12	5,373.98
Consumption of packing material	364.41	405.86
Power and fuel	5,056.42	4,872.27
Carriage inwards	318.63	241.62
Repairs and maintenance		
- Buildings	574.54	542.70
- Plant and equipment	1,059.56	1,221.17
- Others	1,624.34	1,491.41
Effluent treatment and testing charges	1,511.98	1,502.38
	16,287.00	**15,651.39**

28. OTHER EXPENSES

	For the year ended March 31, 2025	For the year ended March 31, 2024
Rent (Refer Note 43)	136.05	92.02
Corporate Social Responsibility ('CSR') expenditure	491.52	297.29
Rates and taxes	561.67	807.19
Travelling and conveyance	2,120.70	1,859.95
Legal and professional fees	2,984.92	2,402.20
Remuneration to statutory auditors	55.39	48.80
Insurance	689.34	640.72
Subscription expense	1,752.19	1,198.87
Sales promotion expenses including commission	1,444.97	1,577.26
Freight and forwarding charges	937.89	617.45
Provision for credit impaired trade receivables	170.06	-
Net loss on foreign currency transaction and translation	-	5.52
Loss on sale of property, plant and equipment, net	731.06	40.16
Directors commission (Refer Note 39)	150.00	200.00
Directors sitting fees (Refer Note 39)	31.00	39.90
Miscellaneous expenses	849.71	685.83
	13,106.47	**10,513.16**

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

29. TAX EXPENSES

	For the year ended March 31, 2025	For the year ended March 31, 2024
Income tax expense recognised in the statement of profit and loss consists of the following:		
Current income tax	7,376.68	9,967.10
Deferred tax expense	1,245.41	168.66
Total tax expense for the year	**8,622.09**	**10,135.76**
Income tax expense recognised in Other Comprehensive Income :		
Income tax impact on re-measurement of defined benefit plans	14.16	(19.41)
Income tax impact on Equity instruments	(7.04)	(25.96)
Income tax charged to Other Comprehensive Income	**7.12**	**(45.37)**

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 25.17% (March 31, 2024: 25.17%) and the reported tax expense in the statement of profit and loss is as follows:

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

	For the year ended March 31, 2025	For the year ended March 31, 2024
Profit before tax	34,632.90	40,143.65
Tax rate applicable to the Company	25.17%	25.17%
Estimated tax expense on profit	8,716.41	10,103.35
Increase/(decrease) in tax expenses on account of:		
Chapter VI A deduction	(25.92)	(27.54)
Impact of foreign taxes	3.25	1.67
Expenses not deductible for tax purposes	131.51	89.36
Adjustment on amount of change in tax rate on capital items	995.34	-
Effect of lower tax rate on sale of investment property	(1,205.33)	-
Others	6.83	(31.08)
Tax expense	**8,622.09**	**10,135.76**

30. EARNINGS PER SHARE (EPS)

Earnings per share amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

		For the year ended March 31, 2025	For the year ended March 31, 2024
(a)	Profit for the year	26,010.81	30,007.89
(b)	**Computation of weighted average number of equity shares:**		
	Weighted average number of equity shares outstanding during the year	1,28,29,889	1,28,29,889
(c)	Face value of equity share (in absolute ₹)*	10.00	10.00
(d)	EPS : Basic and diluted	**202.74**	**233.89**

* There are no items giving raise to dilutive equity share. Hence basic EPS is considered as diluted EPS

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

31. FAIR VALUE MEASUREMENTS

(i) Fair value hierarchy

Financial assets and Financial liabilities measured at Fair value in the statement of Financial position are grouped into three levels of a Fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: The fair value of Financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data either directly or indirectly.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) Financial assets and Financial liabilities measured at fair value

Name of the equity shareholders	March 31, 2025		March 31, 2024	
	Level 1	Level 2	Level 1	Level 2
Financial assets				
Investments	10,768.27	152.89	-	127.88

(iii) Financial instruments by category

For amortised cost instruments, carrying value represents the best estimate of fair value.

	March 31, 2025			March 31, 2024		
	FVTPL	FVTOCI	Amortised cost/ at cost	FVTPL	FVTOCI	Amortised cost/ at cost
Financial assets						
Investments	10,768.27	152.89	-	-	127.88	-
Trade receivables	-	-	31,572.06	-	-	37,352.62
Cash and cash equivalents	-	-	13,193.04	-	-	8,757.54
Other bank balances	-	-	12,688.86	-	-	2,922.00
Other financial assets	-	-	1,156.72	-	-	1,135.50
Total financial assets	**10,768.27**	**152.89**	**58,610.68**	**-**	**127.88**	**50,167.66**

Name of the equity shareholders	March 31, 2025		March 31, 2024	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial liabilities				
Borrowings	-	13,601.01	-	8,250.70
Lease liability	-	2,112.75	-	1,288.26
Trade payables	-	25,220.36	-	19,195.91
Other financial liabilities	-	8,454.70	-	10,660.45
Total financial liabilities	**-**	**49,388.82**	**-**	**39,395.32**

The Company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets comprise of loans, trade and other receivables, cash and cash equivalents and other bank balances derived directly from its operations.

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

(iv) The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature. Difference between carrying amounts and fair values of bank deposits, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented. For all other amortised cost instruments, carrying value represents the best estimate of fair value.

For financial assets measured at fair values, the carrying amounts are equal to the fair values.

32. FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Company is exposed to various financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk, credit risk and liquidity risk. The Company's risk management policies are established to identify and analyse the risks faced by the Company and seek to, where appropriate, minimize potential impact of the risk and to control and monitor such risks. The Company's risk management is coordinated by the Board of Directors and focuses on securing long term and short term cash flows. The Company does not engage in trading of financial assets for speculative purposes.

The following sections provide details regarding the Company's exposure to the financial risks associated with financial instruments held in the ordinary course of business and the objectives, policies and processes for management of these risks.

A. Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings, deposits, trade receivables and other financial instruments.

The sensitivity analyses in the following sections relate to the position as at March 31, 2025 and March 31, 2024. The analysis exclude the impact of movements in market variables on the carrying values of gratuity and other post retirement obligations; provisions; and non-financial assets and liabilities.

i. Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has loan facilities on floating interest rate, which exposes the Company to risk of changes in interest rates. The management monitors the interest rate movement and manages the interest rate risk based on its policies, which include entering into interest rate swaps as considered necessary. The Company's investment in deposits with banks are for short durations and therefore do not expose the Company to significant interest rate risk. Below are the details of exposure to fixed rate and variable rate instruments:

Particulars	March 31, 2025	March 31, 2024
Fixed rate instruments		
Financial assets	18,973.98	10,614.22
Financial liabilities	2,499.71	3,942.75
Variable rate instruments		
Financial liabilities	11,101.30	4,307.95

Every 0.5% increase/decrease in the interest rate component applicable to the respective borrowings would effect the Company's net profit before tax resulting in an expense/income of ₹55.51 and ₹21.54 for the year ended March 31, 2025 and March 31, 2024 respectively.

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(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

ii. Foreign currency risk:

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's exposure to the risk of change in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in foreign currency) and financing activities (when borrowings are denominated in foreign currency), The foreign currencies in which these transactions are denominated are US Dollars, Euros, Japanese Yen, Great British Pound and Swiss Franc.

a) Significant foreign currency risk exposure relating to financial assets and financial liabilities expressed in ₹ terms are as follows:

Financial assets

Trade receivables	March 31, 2025	March 31, 2024
- USD	22,381.24	23,897.43
- EUR	135.46	378.00

Cash & cash equivalents	March 31, 2025	March 31, 2024
- USD	3,942.27	250.90
- JPY	94.93	90.04

Financial liabilities

Trade payables	March 31, 2025	March 31, 2024
- USD	9,587.73	5,260.75
- EUR	8.02	79.56
- GBP	61.83	32.11
- CHF	7.69	-
- JPY	0.03	3.91

Borrowings	March 31, 2025	March 31, 2024
- USD	1,972.00	3,697.25

b) Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD and Euro exchange rates, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Impact on profit before tax for the year ended	
	March 31, 2025	March 31, 2024
USD sensitivity		
₹/USD - Increase by 5%	738.19	759.52
₹/USD - Decrease by 5%	(738.19)	(759.52)
EUR sensitivity		
₹/EUR - Increase by 5%	6.37	14.92
₹/EUR - Decrease by 5%	(6.37)	(14.92)

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(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

iii. Equity price risk:

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet as FVTOCI/FVTPL. An increase/(decrease) in fair value of investments by 10% shall impact the Company's equity and total comprehensive income by ₹1092.12 (March 31, 2024: ₹12.79).

B. Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company, leading to a financial loss. The Company is mainly exposed to the risk of its balances with the bankers and trade and other receivables. None of the Company's cash equivalents, other bank balances, loans and security deposits were past due or impaired as at March 31, 2025 and March 31, 2024.

Ageing of trade receivables is as follows:

	March 31, 2025	March 31, 2024
Neither past due nor impaired	25,600.36	33,188.03
Past due not impaired:		
0-180 days	5,906.15	3,939.46
Greater than 180 days	65.55	288.28
	31,572.06	**37,415.77**

C. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

March 31, 2025	Up to 1 year	From 1 to 3 years	More than 3 years	Total
Borrowings	4,528.27	5,512.13	3,560.61	13,601.01
Lease liabilities	434.36	720.21	1,870.75	3,025.32
Trade payables	25,220.36	-	-	25,220.36
Other financial liabilities	8,454.70	-	-	8,454.70
Total	**38,637.69**	**6,232.34**	**5,431.36**	**50,301.39**

March 31, 2024	Up to 1 year	From 1 to 3 years	More than 3 years	Total
Borrowings	3,758.64	4,429.47	62.59	8,250.70
Lease liabilities	472.09	851.09	223.74	1,546.92
Trade payables	19,195.91	-	-	19,195.91
Other financial liabilities	10,660.45	-	-	10,660.45
Total	**34,087.09**	**5,280.56**	**286.33**	**39,653.98**

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

33. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Hence, the Company may adjust any dividend payments, return capital to shareholders or issue new shares or sell assets to reduce debt. Total capital is the equity as shown in the statement of financial position. Currently, the Company primarily monitors its capital structure on the basis of the following gearing ratio. Management is continuously evolving strategies to optimize the returns and reduce the risks. It includes plans to optimize the financial leverage of the Company.

The capital for the reporting year under review is summarized as follows:

	As at March 31, 2025	As at March 31, 2024
Total borrowings	13,601.01	8,250.70
Less: Cash and cash equivalents (including bank deposits with original maturity between 3 to 12 months)	(25,862.02)	(11,665.76)
Net debt	**(12,261.01)**	**(3,415.06)**
Total equity	1,52,480.63	1,28,270.48
Net debt to equity ratio	**(8.04%)**	**(2.66%)**

34. NET DEBT RECONCILIATION

Particulars	Short-term borrowings	Long-term borrowings	Total
As at March 31, 2023	**1,115.75**	**11,035.24**	**12,150.99**
Cash flows (net)	(1,115.75)	(2,828.27)	(3,944.02)
For-ex adjustment	-	43.73	43.73
As at March 31, 2024	**-**	**8,250.70**	**8,250.70**
Cash flows (net)	-	5,534.29	5,534.29
For-ex adjustment	-	(183.98)	(183.98)
As at March 31, 2025	**-**	**13,601.01**	**13,601.01**

35. RESEARCH AND DEVELOPMENT EXPENSES

Details of research and development expenses (excluding depreciation and amortisation expense) incurred during the year and included under various heads of expenditures are given below:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue Expenditure		
Salaries and wages	2,668.71	2,329.81
Consumption of raw materials and consumables	991.31	895.29
Power and fuel	306.62	274.07
	3,966.64	**3,499.17**
Capital Expenditure	**2,157.13**	**846.29**

36(a) Investment property

Investment properties comprise of carrying value of land and building, representing the cost incurred towards development and construction activity at the said land situated at Nanakramguda, Hyderabad, duly allotted by Telangana State Industrial Infrastructure Corporation Limited ("TSIIC") (erstwhile Andhra Pradesh Industrial Infrastructure Corporation Limited).

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Gross block		
Opening balance	1,992.07	1,992.07
Addition	-	-
Disposal	(1,992.07)	-
Closing balance	**-**	**1,992.07**
Accumulated depreciation		
Opening balance	89.31	57.77
Addition	-	31.54
Disposal	(89.31)	-
Closing balance	-	89.31
Net Block	**-**	**1,902.76**
Fair Value	**-**	**11,734.46**

36(b) During the year, the Company has fully transferred an investment property located in Nanakramguda, Hyderabad, Telangana, through perpetual lease, resulting in total profit of ₹ 7,640.36 lakhs being the profit is exceptional in nature, it has been disclosed as a separate line item.

37. GOODWILL

Pursuant to the Scheme of Amalgamation and Arrangement ("the Scheme") duly approved by the National Company Law Tribunal, Hyderabad Bench vide their order dated March 21, 2018, Neuland Health Sciences Private Limited ("NHSPL") and Neuland Pharma Research Private Limited ("NPRPL") (together referred to as "Transferor Companies"), were merged with the Company with appointed date of 1 April 2016. NHSPL was engaged in the business of conducting research and development of Peptides and NPRPL was in the business of contract research services.

The purchase consideration of ₹31,084.99 paid by way of issue of 2,270,635 equity shares of ₹10 each [in accordance with the Scheme, 4,590,608 equity shares of ₹10 each held by NHSPL in the Company stands cancelled and the Company shall issue 6,861,095 and 148 fully paid-up equity shares of ₹10 each to the shareholders of NHSPL and NPRPL respectively] at a premium of ₹1,359 per equity share.

Excess of consideration paid over net assets taken over aggregating to ₹27,946.10 is recognized as Goodwill.

Reconciliation of the carrying amount of goodwill:

	For the year ended March 31, 2025	For the year ended March 31, 2024
Opening balance	27,946.10	27,946.10
Add: Due to acquisition during the year	-	-
Less: Impairment/write off	-	-
Closing Balance	**27,946.10**	**27,946.10**

The recoverable amount of the above cash generating unit ("CGU") has been assessed using a value-in-use model. The recoverable value is computed based on the net present value of the projected post-tax cash flows plus a terminal value of the cash generating unit to which the goodwill is allocated. Initially a post-tax discount rate is applied to calculate the net present value of the post-tax cash flows. The cash flow projections include specific estimates for five years developed using internal forecasts and a terminal growth rate thereafter of 5%. The planning horizon reflects the assumptions for short-to-mid term market developments which are based on key assumptions such as margins, expected growth rates based on past experience, new product launches and management's expectations / extrapolation

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

of normal increase / steady terminal growth rate. Discount rate reflects the current market assessment of the risks. The discount rate is estimated based on the weighted average cost of capital for the Company. Post-tax discount rates used were 13.57% for the year ended March 31, 2025. The management believes that any reasonable possible change in the key assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash- generating unit.

38. SEGMENT REPORTING

The management has assessed the identification of reportable segments in accordance with the requirements of Ind AS 108 'Operating Segment' and believes that the Group has only one reportable segment namely "manufacture of active pharmaceutical ingredients and allied services".

Geography-wise details of the Group's revenues from external customers and its non-current assets (other than financial instruments, investments accounted for using the equity method, deferred tax assets and post-employment benefit assets) and revenue from major customers are given below:

(i) Analysis of Group's revenues (excluding other operating revenue) based on the location of the customers:

	For the year ended March 31, 2025	For the year ended March 31, 2024
India	43,590.23	29,566.35
Europe	42,832.72	46,244.67
USA and North America	42,098.21	59,924.60
Rest of the world	14,917.05	15,830.69
	1,43,438.21	**1,51,566.31**

(ii) Analysis of Group's non-current assets based on the location of the assets:

	For the year ended March 31, 2025	For the year ended March 31, 2024
India	1,02,947.67	90,172.03
USA and North America	-	-
Rest of the world	2.75	1.41
	1,02,950.42	**90,173.44**

(iii) Major customer

The Group has two customer group who contributed more than 10% of the Group's revenue (excluding other operating revenue) during the current year. The revenue from such major customer group during the year is ₹ 50,427.26. (March 31, 2024: ₹52,991.97).

39. RELATED PARTY DISCLOSURES

(a) Names of the related parties and nature of relationship

Particulars
Enterprise over which key management personnel exercise significant influence
Neuland Foundation
Entity that is a post-employment benefit plan for the benefit of employees.
Neuland Laboratories Limited employees group gratuity scheme
Key Management Personnel
Dr. D. R. Rao - Executive Chairman
Mr. D. Sucheth Rao - Vice Chairman and CEO
Mr. D. Saharsh Rao - Vice Chairman & MD
Dr. Christopher M. Cimarusti - Non-Executive Non-Independent Director
Mr. Humayun Dhanrajgir - Non-Executive Independent Director (Resigned w.e.f September 25, 2023)
Mr. Parampally Vasudeva Maiya - Non-Executive Independent Director (Retired w.e.f March 31, 2024)
Mrs. Bharati Rao - Non-Executive Independent Director (Retired w.e.f May 8, 2024)
Dr. Nirmala Murthy - Non-Executive Independent Director
Mr. Homi Rustam Khusrokhan - Non-Executive Independent Director
Mr. Prasad Raghava Menon - Non-Executive Independent Director
Mr. Sugata Sircar -Non-Executive Independent Director
Mrs. Pallavi Joshi Bakhru - Non-Executive Independent Director
Mrs. Sarada Bhamidipati - Company Secretary
Mr. Abhijit Majumdar - Chief Financial Officer
Relatives of Key Management Personnel
Mrs. D. Vijaya Rao
Mrs. D. Rohini Niveditha Rao

(b) Transactions with related parties

	For the year ended March 31, 2025	For the year ended March 31, 2024
Transactions with KMP		
Managerial remuneration	3,254.86	4,673.89
Rent	290.20	276.39
Director's sitting fee	31.00	39.90
Commission	150.00	200.00
Professional fee	20.29	8.58
Transactions with relatives of KMP		
Rent	91.68	87.31
Entity that is a post-employment benefit plan for the benefit of employees.		
Neuland Laboratories Limited employees group gratuity scheme	360.00	-

(c) Balances receivable/(payables)

		As at March 31, 2025	As at March 31, 2024
Key Management Personnel			
Mr. D. Sucheth Rao	Security deposit	121.40	121.40
Mr. D. Saharsh Rao	Security deposit	121.40	121.40
Dr. D. R. Rao	Remuneration payable	(555.00)	(1,185.00)
Mr. D. Sucheth Rao	Remuneration payable	(555.00)	(1,183.00)
Mr. D. Saharsh Rao	Remuneration payable	(555.00)	(1,183.00)
Mr. Abhijit Majumdar	Remuneration payable	(29.08)	(26.92)
Mrs. Sarada Bhamidipati	Remuneration payable	(3.45)	(2.84)
Non Executive Directors	Sitting Fee/Commission/Professional Fee	(150.00)	(208.80)
Relative of Key Management Personnel			
Mrs. D Vijaya Rao	Security deposit	19.20	19.20

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

(d) Transaction with related parties

In accordance with the applicable provisions of the Income Tax Act, 1961, the Company is required to use certain specified methods in assessing that the transactions with the subsidiaries, are carried at an arm's length price and is also required to maintain prescribed information and documents to support such assessment. The appropriate method to be adopted will depend on the nature of transactions / class of transactions, class of associated persons, functions performed and other factors as prescribed. Based on certain internal analysis carried out, management believes that transactions entered into with the related parties were carried out at arms length prices.

40. COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to ₹8,325.51 (March 31, 2024: ₹5791.13).

40. CONTINGENT LIABILITIES AND PENDING LITIGATIONS

	As at March 31, 2025	As at March 31, 2024
Disputed income tax liabilities		
Assessment year 2004-05 - refer note (a) below	693.33	693.33
Other income tax matters	73.78	54.87
GST/Customs		
Assessment year 2017-18 towards availment of transitional input tax credit (GST)	47.95	47.95
Assessment year 2017-18 towards Refund of un-utilised Education & Secondary Higher Education Cess & Krishi Kalyan Cess not transferred in TRAN_1	64.38	64.38
ITC availed on Cancelled Dealers		
Assessment year 2017-18	5.30	5.30
Assessment year 2018-19	8.19	-
Other Disputes/Matters		
Public litigation against land parcel allotment by APIICL- refer note (b) below	-	1,902.76
CIGSR Order for land parcel at Bonthapally in survey no 490/2- refer note (c) below	0.64	0.64
CIGSR Order for land parcel at Bonthapally in survey no 490/1- refer note (d) below	3.30	3.30
Certain disputes, for unascertained amounts are pending in the Labor Courts, Telangana Since, the chance of appellants succeeding in their claims is less than probable, the Company does not expects any liability in this respect.	Not ascertainable	Not ascertainable

Notes:

(a) The Income tax authorities had re-opened the income tax assessment of the Company for the assessment year 2004-05 later than the periods permitted by the provisions of the Income Tax Act, 1961 and thereby demanded an additional tax amount of ₹693.33 on account of disallowance of certain prior period expenditure recognized by the Company in the computation of gross total income for the assessment year then ended. Aggrieved by the order of the Income Tax department, the management had filed an appeal with the higher authorities which had been successfully decided in favour of the Company. The Income Tax department has however filed an appeal with the Hon'ble High Court of Telangana in this regard, which is pending final outcome. However, on the basis of its internal assessment and considering the order of the first level appellate authority, the Company is confident of securing an favourable order from the High Court and accordingly, no adjustments have been made to the consolidated financial statements in this regard.

Other Disputes/Matters:

(b) During 2004, the Company was allotted land parcel by the then Andhra Pradesh Industrial Infrastructure Corporation Limited ("APIIC") for setting up a basic research and development center. Subsequently public interest litigation (PIL) was filed challenging allotments made by APIIC as unconstitutional and to cancel the allotments and resume the lands in all cases where the development has not commenced or the substantial progress has not been made as per the terms of allotments and regulations. During the year, the Hon'ble High Court of Telangana, vide its Order, disposed of the PIL, stating that it is not inclined to grant the relief prayed by the petitioners regarding the matter under dispute with respect to several companies including Neuland Laboratories Limited.

(c) Our Company purchased land in Survey No. 490/2 situated at Bonthapally Village, Jinnaram Mandal, Medak District. The Revenue department issued notices to our Company for resumption of the said land on the ground that the same was "assigned land". Our Company has filed an application before the Collector, Medak District for regularization of the said land as per the applicable laws. Our Company also filed a writ petition before the High Court praying for an order not to take any coercive steps. The High Court vide its order dated March 18, 2011 directed the revenue department to not take any coercive steps till the disposal of the representation filed by our Company.

The matter is pending before the Collector, Medak District. The management believes that the outcome will be in favour of the Company and hence no adjustment is made in the consolidated financial statements.

(d) During the financial year ended March 31, 2008, the Commissioner and Inspector General of Stamps and Registration (CIGSR), Andhra Pradesh has vide it's order dated February 22, 2008 has cancelled the registration of the land parcel owned by the company situated at Bonthapally pursuant to complaint made by one of the seller. Aggrieved by the aforesaid order the Company has filed a writ petition challenging order of CIGSR with Hon'ble High Court of Telangana (the 'Court') as the Company was not involved during the proceedings. The Court has vide its order dated December 31, 2010 has directed to maintain the status quo with regards to the possession of the property till further orders passed. Proceedings of the case are still pending with the court. The management is confident that orders will be in the favour of the Company, hence no adjustment is deemed necessary to these consolidated financial statements.

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

42. ADDITIONAL DISCLOSURE AS REQUIRED UNDER PARAGRAPH 2 OF 'GENERAL INSTRUCTIONS FOR THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS' OF THE SCHEDULE III TO THE ACT

	Net assets *		Share in profit / (loss)		Share in other comprehensive income ("OCI")		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit / (loss)	Amount	As % of consolidated OCI	Amount	As % of consolidated total comprehensive income	Amount
	March 31, 2025		March 31, 2025		March 31, 2025		March 31, 2025	
Parent	99.54%	1,51,779.06	99.74%	25,942.53	472.99%	(21.19)	99.67%	25,921.35
Subsidiary incorporated outside India								
Neuland Laboratories Inc	0.39%	592.95	0.24%	62.96	0.00%	-	0.24%	62.96
Neuland Laboratories KK	0.07%	124.41	0.02%	5.31	0.00%	-	0.02%	5.31
Total	**100.00%**	**1,52,496.42**	**100.00%**	**26,010.80**	**472.99%**	**(21.19)**	**99.93%**	**25,989.62**
Consolidation adjustments	(0.00)	(15.79)	0.00%	0.01	(372.99%)	16.71	0.07%	16.71
Net amount	**100.00%**	**1,52,480.63**	**100.00%**	**26,010.81**	**100.00%**	**(4.48)**	**100.00%**	**26,006.33**

	Share in total comprehensive income	
	As % of consolidated total comprehensive income	Amount
	March 31, 2024	
Parent	99.86%	30,100.41
Subsidiary incorporated outside India		
Neuland Laboratories Inc	0.14%	41.68
Neuland Laboratories KK	0.02%	6.59
Total	**100.02%**	**30,148.68**
Consolidation adjustments	(0.02%)	(4.86)
Net amount	**100.00%**	**30,143.82**

	Net assets *		Share in profit / (loss)		Share in other comprehensive income ("OCI")		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit / (loss)	Amount	As % of consolidated OCI	Amount	As % of consolidated total comprehensive income	Amount
	March 31, 2024		March 31, 2024		March 31, 2024		March 31, 2024	
Parent	99.52%	1,27,653.89	99.74%	25,942.53	103.58%	140.79	99.86%	30,100.41
Subsidiary incorporated outside India								
Neuland Laboratories Inc	0.40%	516.52	0.24%	62.96	0.00%	-	0.14%	41.68
Neuland Laboratories KK	0.08%	115.88	0.02%	5.31	0.00%	-	0.02%	6.59
Total	**100.00%**	**1,28,286.29**	**100.00%**	**26,010.80**	**103.58%**	**140.79**	**100.02%**	**30,148.68**
Consolidation adjustments	0.00%	(15.81)	0.00%	0.01	(3.58%)	(4.86)	(0.02%)	(4.86)
Net amount	**100.00%**	**1,28,270.48**	**100.00%**	**26,010.81**	**100.00%**	**135.93**	**100.00%**	**30,143.82**

* Net assets means total assets minus total liabilities excluding shareholders funds.

Note:

The disclosure as above represents separate information for each of the consolidated entities before elimination of inter-company transactions. The net impact on elimination of inter-company transactions / profits / consolidation adjustments have been disclosed separately. Based on the group structure, the management is of the view that the above disclosure is appropriate under the requirements of the Act.

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

43. LEASES

The Group has entered into operating leases of office premises and residential bungalow, with no restrictions and are renewable at the option of either of the parties, for a period of 3 years to 5 years. The escalation rates is 5% per annum as per the terms of the lease agreement. There are no sub leases. The Group applies the short term lease and lease of low value assets recognition exemption for few leases.

	As at/ For the year ended March 31, 2025	As at/ For the year ended March 31, 2024
(i) The movement in right-of-use assets is as follows :		
Opening balance	1,221.75	609.45
Addition/Adjustment during the year	1,268.09	933.65
Deletions during the year	-	-
Depreciation charge for the year (Refer Note 26)	(491.56)	(321.35)
Closing balance	**1,998.28**	**1,221.75**
(ii) The break-up of current and non-current lease liabilities is as follows		
Non-current lease liabilities	1,861.76	920.34
Current lease liabilities	250.99	367.92
(iii) The movement in lease liabilities is as follows :		
Opening balance	1,288.26	693.98
Recognised/Adjustment made during the year	1,228.54	889.96
Unwinding of discount on lease liabilities	137.68	67.29
Deletions during the year	-	-
Repayment of lease liabilities	(404.05)	(295.68)
Interest on lease liabilities (Refer Note 25)	(137.68)	(67.29)
Closing balance	**2,112.75**	**1,288.26**
(iv) The contractual maturities of lease liabilities on an undiscounted basis are as follows:		
Less than one year	434.36	472.09
One to five years	1,402.18	1,074.83
More than five years	1,188.78	-

Notes:

1. The aggregate depreciation expense on right-of-use assets of ₹ 491.56 (March 31, 2024: ₹ 321.35) is included under depreciation and amortization expense in the Statement of Profit and Loss.
2. Rental expense recorded for short-term and low value leases was ₹ 136.05 (March 31, 2024: ₹ 92.02) for the year ended March 31, 2025 (Refer Note 28).
3. The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

44. The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued.

The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

45. The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company did not have any long-term contracts (including derivative contracts) for which there were any material foreseeable losses.

46. OTHER STATUTORY INFORMATION:

i The Company does not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.

ii The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

iii The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

iv The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.

v The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

vi The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

vii No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries).

viii The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

ix The Company does not have any undisclosed income which is not recorded in the books of account that has been surrendered or disclosed as income during the year (and previous year) in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

Notes forming part of the Consolidated Financial Statements

(All amounts are in Indian ₹ in lakhs, except for share data or as otherwise stated)

x The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

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

47. The consolidated financial statements are approved for issue by the Company's Board of Directors on May 15, 2025.

As per our report of even date
For **M S K A & Associates**
Chartered Accountants
Firm's Registration No: 105047W

Prakash Chandra Bhutada
Partner
Membership No: 404621

Place: Hyderabad
Date: May 15, 2025

For and on behalf of the Board of Directors of
Neuland Laboratories Limited

Dr. D. R. Rao
Executive Chairman
DIN- 00107737

D. Sucheth Rao
Vice Chairman & CEO
DIN- 00108880

D. Saharsh Rao
Vice Chairman & Managing Director
DIN- 02753145

Abhijit Majumdar
Chief Financial Officer

Sarada Bhamidipati
Company Secretary

Place: Hyderabad
Date: May 15, 2025

Form AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries / joint ventures

PART "A": SUBSIDIARIES

(₹ in lacs)

Name of Subsidiary	Neuland Laboratories K. K.	Neuland Laboratories INC.
Country	Japan	U.S.A.
Reporting Currency	¥	US $
Exchange Rate	0.57	85.44
Share Capital	15.37	0.45
Reserves & Surplus	109.04	592.53
Total Assets	201.96	854.83
Total Liabilities	201.96	854.83
Investments Made	-	-
Turnover	294.38	1635.06
Profit / (Loss) before Taxation	14.45	81.12
Provision for Taxation	9.14	18.16
Profit / (Loss) after Taxation	5.31	62.96
Proposed Dividend	-	-
% of shareholding	100%	100%

Notes:

There is no subsidiary which is yet to commence operations.

For and on behalf of the Board of Directors of

Neuland Laboratories Limited

Dr. D.R. Rao	D. Sucheth Rao	D. Saharsh Rao	Abhijit Majumdar	Sarada Bhamidipati
Executive Chairman	Vice-Chairman & CEO	Vice-Chairman & MD	Chief Financial Officer	Company Secretary

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Independent Assurance Statement

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

Neuland Laboratories Limited (hereafter 'Neuland') engaged TUV India Private Limited (TUVI) to conduct independent external assurance of non-financial information disclosed in ESG KPI {Key Performance Indicators of Neuland (hereinafter 'the ESG data')} with reference to the principles of the Global Reporting Initiative (GRI) standards. The reporting period runs from April 1, 2024, to March 31, 2025. This engagement comprised *"reasonable assurance"* for material topics and *"limited assurance"* for other GRI disclosures. The Report is developed based on GRI Standards 2021, IIRC Integrated Reporting (<IR>), and ISAE 3000 (Revised) standard.

Management's Responsibility

Neuland has monitored the ESG data and is responsible for identifying materiality, and related sustainability issues, identifying, establishing, and reporting performance management, data management, and quality. The management of Neuland is accountable for the for the accuracy of the ESG data and the process of collecting, analyzing, and reporting the information presented in web-based and printed forms. This includes the maintenance and integrity of the company's website. The Neuland's management is responsible for accurate preparation of the Report in reference to the applied criteria of GRI Standards 2021 and IIRC Integrated Reporting (<IR>) framework. Neuland shall ensure that the Report is free of any intended or unintended material misstatements, so stakeholders can trust the information provided. Neuland will be responsible for archiving and reproducing the disclosed data for the stakeholders upon request.

Scope and Boundary

In particular, the assurance engagement included the following:

1. Verification of the application of the Report content according to material topics identified based on the materiality, and principles as mentioned in the GRI Standards 2021, IIRC Integrated Reporting (<IR>), and the quality of information presented in the Report over the reporting period;
2. Review of the key governance policies, initiatives, practices and performance described in the Report;
3. Review of the non-financial disclosures made in the Report against the requirements of the GRI Standards 2021, IIRC Integrated Reporting (<IR>);
4. Verification of the reliability of the GRI Standards 2021 disclosure on environmental and social topics by verifying sample data;
5. Specified information was selected based on the materiality determination and needs to be meaningful to the intended users.

TUVI has verified the below-mentioned disclosures as per GRI Standard 2021

Topic Standards	Disclosures
GRI 202: Market Presence (Limited Assurance)	202-1
GRI 203: Indirect Economic Impacts (Limited Assurance)	203-1
GRI 204: Procurement Practices (Limited Assurance)	204-1
GRI 101: Biodiversity (Limited Assurance)	101-1, 101-2, 101-4, 101-5, 101-6
GRI 302: Energy (Reasonable Assurance)	302-1, 302-2, 302-3, 302-4, 302-5
GRI 303: Water and Effluents (Reasonable Assurance)	303-1, 303-2, 303-3, 303-4, 303-5
GRI 305: Emissions (Reasonable Assurance)	305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7
GRI 306: Waste (Reasonable Assurance)	306-1, 306-2, 306-3, 306-4, 306-5
GRI 308: Supplier Environmental Assessment (Limited Assurance)	308-1
GRI 401: Employment (Reasonable Assurance)	401-1, 401-2, 401-3
GRI 403: Occupational Health and Safety (Reasonable Assurance)	403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10
GRI 404: Training and Education (Reasonable Assurance)	404-1, 404-2, 404-3
GRI 405: Diversity and Equal Opportunity (Reasonable Assurance)	405-1, 405-2
GRI 406: Non-Discrimination (Reasonable Assurance)	406-1
GRI 407: Freedom of Association and Collective Bargaining	407-1

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(Limited Assurance)	
GRI 408: Child Labour (Reasonable Assurance)	408-1
GRI 409: Forced or Compulsory Labour (Reasonable Assurance)	409-1
GRI 413: Local Communities (Limited Assurance)	413-1
GRI 415: Public Policy (Limited Assurance)	415-1
GRI 417: Marketing and Labeling (Limited Assurance)	417-1, 417-2, 417-3
GRI 418: Customer Privacy (Limited Assurance)	418-1

The reporting boundaries for the above disclosures includes.

1. Global Headquarters,11th Floor, Phoenix IVY, road no 1, Jubilee Hills, Hyderabad - 500 033, Telangana.
2. Unit I - Survey No: 291, 346P, 347, 348P 473, 474 and 490/2, Veerabhadraswamy Temple Road Domadugu Village, Bothapally Village Gummadidala Mandal, Telangana 502313
3. Unit II - Plot No.: 92-94, 257-589, Patancheru, IDA Pashamylaram, Telangana 502307
4. Unit III - Survey No. 10, Plot No. 3-72, IDA Gaddapotharam Village Jinnaram Mandal, Sangareddy Dist IDA, Gaddapotharam Rd, Telangana 502325
5. Research & Development Centre, Bonthapally, Hyderabad, Telangana.

The onsite verification was conducted on all the locations by 02 assurance teams at Corporate and plant location between 05-06 and 10-11 June 2025:

1. Global Headquarters,11th Floor, Phoenix IVY, road no 1, Jubilee Hills, Hyderabad - 500 033, Telangana - 05-06 June 2025
2. Unit I - Survey No: 291, 346P, 347, 348P 473, 474 and 490/2, Veerabhadraswamy Temple Road Domadugu Village, Bothapally Village Gummadidala Mandal, Telangana 502313 - 10 June 2025
3. Unit II - Plot No.: 92-94, 257-589, Patancheru, IDA Pashamylaram, Telangana 502307- 10 June 2025
4. Unit III - Survey No. 10, Plot No. 3-72, IDA Gaddapotharam Village Jinnaram Mandal, Sangareddy Dist IDA, Gaddapotharam Rd, Telangana 502325 - 11 June 2025
5. Research & Development Centre, Bonthapally, Hyderabad, Telangana 11 June 2025

The assurance activities were carried out together with a desk review of entire plants and offices as per reporting boundary.

Limitations

TUVI did not perform any assurance procedures on the prospective information disclosed in the ESG data, including targets, expectations, and ambitions. Consequently, TUVI draws no conclusion from the prospective information. During the assurance process, TUVI did not come across any limitations to the agreed scope of the assurance engagement. TUVI is contracted by the Neuland and answerable to the Neuland's management only. TUVI verified the data on a sample basis; the responsibility for the authenticity of the data entirely lies with Neuland. TUVI expressly disclaims any liability or co-responsibility in the case of erroneous data reported or for any decision a person or entity would make based on this assurance statement. This assurance statement does not endorse any environmental and social claims (related to the product, manufacturing process, packaging, disposal of product etc.) as well as advertisements by the reporting organization. TUVI does not permit use of this statement for Greenwashing or misleading claims.

Our Responsibility

TUVI's responsibility as per the assurance engagement is to perform independent assurance and to express a conclusion based on the work performed. We conducted our engagement in reference to the agreed scope of work for identified non-financial ESG indicators. Our engagement did not include an assessment of the adequacy or effectiveness of Neuland's strategy or management of sustainability-related issues or the sufficiency of the Report against the principles of GRI Standards 2021, IIRC Integrated Reporting (<IR>), and ISAE 3000 (Revised) standard, other than those mentioned in the scope of the assurance. The data is verified on a sample basis, the responsibility for the authenticity of data lies with the reporting organization. The reporting organization is responsible for archiving the related data for a reasonable period of time. TUV does not take any liability or co-responsibility 1) for any damages in the case of erroneous data reported. 2) for any decision a person or entity would make based on this assurance statement. The primary intended user of this assurance statement is Neuland; however, the client may use it at their own discretion in accordance with their specific requirements. This assurance engagement is based on the assumption that the data and information provided to TUVI by Neuland are complete and true.

Verification Methodology

During the assurance engagement, TUVI adopted a risk-based approach, focusing on verification efforts with respect to disclosed KPI's. TUVI has verified the KPIs and assessed the robustness of the underlying data management system, information flows, and controls. In doing so:

1. TUVI reviewed the approach adopted by Neuland for the stakeholder engagement and materiality determination process,
2. TUVI verified the disclosures and claims made in the Report and assessed the robustness of the data management system, information flow, and controls,
3. TUVI examined and reviewed the documents, data, and other information made available by Neuland for all disclosed KPIs (non-financial disclosures) on sample basis,
4. TUVI conducted interviews with key representatives, including data owners and decision-makers from different functions of the Neuland, during the onsite verification,
5. TUVI performed sample-based reviews of the mechanisms for implementing the ESG related policies, as described in the Neuland Report,
6. TUVI verified sample-based checks of the processes for generating, gathering, and managing the quantitative data and qualitative information included in the Report for the reporting period.

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Action Plan

Neuland is in the process of developing an action plan for the following focus areas, which are well-aligned with the management's existing objectives and programs. These areas have already been identified by Neuland, and the assurance team confirm their continued implementation to help advance the organization's sustainability goals.

1. Neuland may strengthen its internal reporting by opting a smart cloud-based data management system and compliment the same with periodic internal data and performance reviews on month on month and year on year analysis,
2. Neuland may further increase the visibility of ESG programs to embed in its organization,
3. Neuland may plan to monitor all categories of indirect GHG emissions as per ISO 14064-1 to the extent applicable.

In our opinion, based on the scope of this assurance engagement, the ESG disclosures and reference information provide a fair representation of the material topics and meet the general content and quality requirements of the applied standards.

Neuland appropriately discloses the KPIs and actions that focus on the creation of value over the short, medium, and long term. The selected KPIs disclosed by Neuland are fairly represented. TUVI did not perform any assurance procedures on the prospective information, such as targets, expectations, and ambitions, disclosed in the Report. Consequently, TUVI draws no conclusion from the prospective information. This assurance statement has been prepared in reference to the terms of our engagement.

Disclosures: TUVI is of the opinion that the reported disclosures generally meet the GRI Standards 2021 reporting requirements. Neuland refers to universal disclosure to Report contextual information about Neuland, while the 'Management Approach' is discussed to Report the management approach for each material topic.

Universal Standard: Neuland followed GRI 1 Foundation 2021: Requirements and Principles for using the GRI Standards 2021; GRI 2: General Disclosures 2021: Disclosures about the reporting organization. General Disclosures were followed when reporting information about an organisation's profile, strategy, ethics and integrity, governance, stakeholder engagement practices, and reporting process, and GRI 3: Material Topics 2021: Disclosures and guidance about the organization's material topics. GRI3 was selected for management's approach to reporting information about how an organisation manages a material topic.

Topic Specific Standard: 300 series (Environmental topics) and 400 series (Social topics); these Topic- specific Standards were used to report information on the organization's impacts related to environmental and social topics. TUVI is of the opinion that the reported material topics and Topic-specific Standards that Neuland used to prepare its ESG-related issues are appropriately identified and addressed.

TUVI confirms that Neuland has transparently reported major material information pertaining to all its six capitals in line with the <IR> framework, as below

Financial Capital: *Net worth, capex, investment spent, the economic value generated, gross revenue, etc.*

Manufactured Capital: *Manufacturing facilities, R & D centers, number of new products launched, buildings, infrastructure, etc.*

Intellectual Capital: *Knowledge-based intangibles, including intellectual property, R & D activities, new product development, etc.*

Human Capital: *Neuland' skilling and re-skilling of employees to enhance their competencies, safety performance, capabilities, experience, motivations to innovate, etc.*

Social and Relationship Capital: *Neuland' relationship with stakeholders such as customers, business partners, regulators, suppliers, business partners, communities, legislators, policy-makers, and benefits associated with brand and reputation, along with Neuland' ability to share information to enhance wellbeing.*

Natural Capital: *Sourcing responsibilities for the renewable and non-renewable environmental resources and processes that provide goods or services. Reporting of circular economy, emissions, water consumption, waste disposal, etc.*

Evaluation of the adherence with other contemporary Principles

Stakeholder Inclusiveness: *Stakeholder identification and engagement is carried out by Neuland on a periodic basis to bring out key stakeholder concerns as material topics of significant stakeholders. In our view, the Report meets the requirements.*

Sustainability Context: *Neuland established the relationship between ESG and organizational strategy within the Report, as well as the context in which disclosures are made. In our view, the Report meets the requirements with regards to the sustainability Context.*

Materiality: *The materiality determination process has been conducted by referring to the requirements of the GRI Standards, considering involvement of internal and external stakeholders in identifying the material issues to the Neuland's*

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businesses. The Report fairly brings out the aspects, topics, and their respective boundaries of the diverse operations of Neuland. In our view, the Report meets the requirements.

Responsiveness: *TUVI believes that the responses to the material aspects (identified through the Materiality study) are fairly articulated in the report, i.e., disclosures on Neuland policies and management systems, including governance. In our view, the Report meets the requirements.*

Impact: *Neuland communicates its sustainability performance through regular, transparent internal and external reporting throughout the year, aligned with GRI Standards 2021, IIRC Integrated Reporting (<IR>) as part of its policy framework encompassing environmental, social, ethical, and other policies. Neuland reports on sustainability performance to the Management, who oversees and monitors the implementation and performance of objectives, as well as progress against goals and targets for addressing sustainability-related issues.*

Completeness: *The Report has fairly disclosed the selected non-financial KPIs, as per GRI Standards 2021. In our view, the Report meets the requirements.*

Reporting Principles for defining report quality: The majority of the data and information were verified by TUVI's assurance team during the remote assessment and found to be fairly accurate. The disclosures related to ESG issues and performances are reported in a balanced manner and are clear in terms of content and presentation. In our view, the Report meets the requirements.

Reliability: The majority of the data and information were verified by TUVI's assurance team and found to be fairly accurate. Some inaccuracies in the data identified during the verification process were found to be attributable to transcription, interpretation, and aggregation errors, and these errors have been corrected. Therefore, in reference to the GRI Standards 2021, IIRC Integrated Reporting (<IR>), TUVI concludes that the ESG data and information presented in the Report are fairly reliable and acceptable. In our view, the Report meets the requirements.

Neutrality: The disclosures related to ESG issues and performance are reported in a neutral tone, in terms of content and presentation. In our view, the Report meets the requirements.

Independence: TUVI follows IESBA (International Ethics Standards Board for Accountants) Code which, adopts a threats and safeguards approach to independence. It is confirmed that the assurance team is selected to avoid situations of self-interest, self-review, advocacy and familiarity. The assessment team was safeguarded from any type of intimidation.

Quality control: The assurance team complies with the code of ethics for professional accountants issued by the IESBA, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. In reference with International Standard on Quality Control, TUVI maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Assurance Conclusion: Based on the defined scope of assurance, TUVI conducted its engagement using risk-based methodologies, data validation techniques, conflict of interest mitigation, and thorough documentation of evidence. As a result of these procedures, nothing has come to our attention that causes us to believe that the information subject to this assurance engagement was not prepared, in all material respects, in accordance with the applicable reporting criteria. TUVI found the information to be reliable with reference to the disclosures made under the GRI 2021 Reporting Standards. Material Key Performance Indicators (KPIs) were verified at a reasonable level of assurance, while the remaining GRI disclosures were verified at a limited level of assurance. This combined assurance approach enhances stakeholder confidence and reinforces transparency and credibility in Neuland' s ESG reporting practices.

Our Assurance Team and Independence

TUVI is an independent, neutral third-party providing sustainability services with qualified environmental and social specialists. TUVI states its independence and impartiality and confirms that there is "no conflict of interest" with regard to this assurance engagement. In the reporting year, TUVI did not work with Neuland on any engagement that could compromise the independence or impartiality of our findings, conclusions, and recommendations. TUVI was not involved in the preparation of any content or data included in the report, with the exception of this assurance statement. TUVI maintains complete impartiality towards any individuals interviewed during the assurance engagement.

For and on behalf of TUV India Private Limited

Manojkumar Borekar
Product Head – Sustainability Assurance Service
TUV India Private Limited

TUV INDIA PRIVATE LIMITED TOVINDIA

Date: 03-07-2025
Place: Mumbai, India
Project Reference No: 8123916239
Revision:02

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GRI Content Index

4. GRI Content Index

Statement of use	Neuland Laboratories Ltd has reported the information cited in this GRI content index for the period 1st April 2024- March 31, 2025 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	Location (Pg no)	Section/ Subsection Title	Remarks
GRI 2: General Disclosures 2021	2-1 Organisational details	161	General disclosures	
	2-2 Entities included in the organisation's sustainability reporting	161	General disclosures	
	2-3 Reporting period, frequency and contact point	161	General disclosures	
	2-4 Restatements of information	1	Reporting Boundary	
	2-5 External assurance	161	Assurance, General disclosures	
	2-6 Activities, value chain and other business relationships	162	Number of locations where plants and/or operations/ offices	
	2-7 Employees	87, 163	Talent acquisition and retention, Employees and workers	
	2-8 Workers who are not employees	87, 163	Talent acquisition and retention, Employees and workers	
	2-9 Governance structure and composition	132, 208-209	Corporate Information, Board of Directors	
	2-10 Nomination and selection of the highest governance body	210	Selection criteria of Board Members	
	2-11 Chair of the highest governance body	28, 174	Board of Directors, BRSR : Principle 1	
	2-12 Role of the highest governance body in overseeing the management of impacts	51-52	Sustainability	
	2-13 Delegation of responsibility for managing impacts	51-52	Sustainability	
	2-14 Role of the highest governance body in sustainability reporting	51-52	Sustainability	
	2-15 Conflicts of interest	174	BRSR: Principle 1	
	2-16 Communication of critical concerns	50	Communication of critical concerns	
	2-17 Collective knowledge of the highest governance body	249	Board diversity	
	2-18 Evaluation of the performance of the highest governance body	216	Board Evaluation	
	2-19 Remuneration policies	153, 168	Nomination and remuneration committee, BRSR: Section B	
	2-20 Process to determine remuneration	217	Remuneration Policy	
	2-21 Annual total compensation ratio	206	Particulars of Remuneration	
	2-22 Statement on sustainable development strategy	56	ESG strategy	
	2-23 Policy commitments	168	BRSR: Section B	

GRI STANDARD	DISCLOSURE	Location (Pg no)	Section/ Subsection Title	Remarks
	2-24 Embedding policy commitments	168-169	BRSR: Section B	
	2-25 Processes to remediate negative impacts	179	BRSR: Principle 3	
	2-26 Mechanisms for seeking advice and raising concerns	50, 179	Commitment to ethics and Compliance, BRSR: Principle 3	
	2-27 Compliance with laws and regulations	172	BRSR: Principle 1	
	2-28 Membership associations	94, 180	Human rights, BRSR: Principle 3	
	2-29 Approach to stakeholder engagement	58-61	Stakeholder engagement	
	2-30 Collective bargaining agreements	94, 180	Human rights, BRSR: Principle 3	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	36-39	Material topics	
	3-2 List of material topics	36-39	Material topics	
	3-3 Management of material topics	36-39	Material topics	
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss	131	Biodiversity Commitment	
	101-2 Management of biodiversity impacts	130	Understanding and Managing Biodiversity Impacts	
	101-3 Access and benefit-sharing	NA		No genetics or traditional knowledge involved
	101-4 Identification of biodiversity impacts	130	Understanding and managing Biodiversity impacts	
	101-5 Locations with biodiversity impacts	130	Understanding and Managing Biodiversity Impacts	
	101-6 Direct drivers of biodiversity loss	131	Locations and Drivers of Biodiversity Impact	
	101-7 Changes to the state of biodiversity	NA		No baseline carried out
	101-8 Ecosystem services	NA		Not assessed
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	67	Economic Value Added	
	201-2 Financial implications and other risks and opportunities due to climate change	52-53	Climate Change risks and TCFD	
	201-3 Defined benefit plan obligations and other retirement plans	178	BRSR: Principle 3	
	201-4 Financial assistance received from government	NA		Nil
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	92, 186-187	Living wages, BRSR: Principle 5	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	104, 199-200	Our CSR approach, BRSR: Principle 8	
	203-2 Significant indirect economic impacts	NA		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	117, 198	Supply Chain Performance Metrics, BRSR: Principle 8	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	172	BRSR: Principle 1	
	205-2 Communication and training about anti-corruption policies and procedures	172-173	BRSR: Principle 1	
	205-3 Confirmed incidents of corruption and actions taken	57, 172	Esg strategy BRSR: Principle 1	

GRI STANDARD	DISCLOSURE	Location (Pg no)	Section/ Subsection Title	Remarks
GRI 206: Anti-competitive Behavior 2016 GRI 207: Tax 2019	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	198	BRSR: Principle 7	
	207-1 Approach to tax	66	Tax strategy	
	207-2 Tax governance, control, and risk management	66	Tax strategy	
	207-3 Stakeholder engagement and management of concerns related to tax	NA		
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	123, 190	Energy Consumption, BRSR: Principle 6	
	302-2 Energy consumption outside of the organisation	123, 190	Energy Consumption, BRSR: Principle 6	
	302-3 Energy intensity	123, 190	Energy Consumption, BRSR: Principle 6	
	302-4 Reduction of energy consumption	123	Energy Consumption,	
	302-5 Reductions in energy requirements of products and services	NA		Final product for customer use is not manufactured by us
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	126-127	Water withdrawal / consumption	
	303-2 Management of water discharge-related impacts	126-127	Water withdrawal / consumption	
	303-3 Water withdrawal	191	BRSR: Principle 6	
	303-4 Water discharge	191	BRSR: Principle 6	
	303-5 Water consumption	191	BRSR: Principle 6	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	192	BRSR: Principle 6	
	305-2 Energy indirect (Scope 2) GHG emissions	192	BRSR: Principle 6	
	305-3 Other indirect (Scope 3) GHG emissions	195	BRSR: Principle 6	
	305-4 GHG emissions intensity	195	BRSR: Principle 6	
	305-5 Reduction of GHG emissions	56, 147	ESG strategy, Energy management and GHG emissions	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	192	BRSR: Principle 6	
GRI 306: Effluents and Waste 2016 GRI 306: Waste 2020	306-3 Significant spills	NA		No spills
	306-1 Waste generation and significant waste-related impacts	128-130	Waste Management and Circular Economy	
	306-2 Management of significant waste-related impacts	175 -176, 196	BRSR: Principle 2, 6	
	306-3 Waste generated	193	BRSR: Principle 6	
	306-4 Waste diverted from disposal	194	BRSR: Principle 6	
	306-5 Waste directed to disposal	128-130	Responsible Waste Handling	Zero waste is disposed to landfill
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	117, 175	Supply Chain Performance Metrics; BRSR: Principle 2	
	308-2 Negative environmental impacts in the supply chain and actions taken	IU		Yet to be initiated.

GRI STANDARD	DISCLOSURE	Location (Pg no)	Section/ Subsection Title	Remarks
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	86-87	Talent Acquisition and Retention	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	177-178	BRSR: Principle 3	
	401-3 Parental leave	179	BRSR: Principle 3	
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	NA		No operational changes envisaged
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	95-96, 99-100	Occupational Health and Safety Safety Initiatives for FY 2024-25	
	403-3 Occupational health services	100	Safety Initiatives for FY 2024-25	
	403-4 Worker participation, consultation, and communication on occupational health and safety	99	Workers Participation and Consultation In OH&S	
	403-5 Worker training on occupational health and safety	100	Safety Initiatives for FY 2024-25	
	403-6 Promotion of worker health	100-101	Safety Initiatives for FY 2024-25; Safety Performance in FY 2024-25	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	100-101	Safety Initiatives for FY 2024-25; Safety Performance in FY 2024-25	
	403-8 Workers covered by an occupational health and safety management system	100-101	Employee and Community Wellbeing Initiatives	
	403-9 Work-related injuries	101	Safety Performance in FY 2024-25	
	403-10 Work-related ill health	98,100-101	Minimising illness risks, Safety interventions, Safety performance	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	90	Skill Upgradation Programmes	
	404-2 Programs for upgrading employee skills and transition assistance programs	90	Skill Upgradation Programmes	
	404-3 Percentage of employees receiving regular performance and career development reviews	180	BRSR: Principle 3	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	92	DEI inclusion in Balanced Score Card	
	405-2 Ratio of basic salary and remuneration of women to men	91-92	Focussed Approach to Promote DEI, Gender Pay Parity	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	188	BRSR: Principle 5	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	94	Human Rights	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	175, 189	BRSR: Principle 2, 5	

GRI STANDARD	DISCLOSURE	Location (Pg no)	Section/ Subsection Title	Remarks
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	189	BRSR: Principle 5	
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	IU		
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	188	BRSR: Principle 5	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	104, 106	Our CSR Approach	
	413-2 Operations with significant actual and potential negative impacts on local communities	IU		No formal assessment(s) carried out
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	117		No formal assessment carried out in FY 2024-25
	414-2 Negative social impacts in the supply chain and actions taken	IU		No formal assessment(s) carried out
GRI 415: Public Policy 2016	415-1 Political contributions	172	BRSR: Principle 1	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	NA		Final product for customer use is not manufactured by us
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	NA		
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labelling	203	BRSR: Principle 9	
	417-2 Incidents of non-compliance concerning product and service information and labelling	202	BRSR: Principle 9	
	417-3 Incidents of non-compliance concerning marketing communications	202	BRSR: Principle 9	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	202	BRSR: Principle 9	

Legend: NA = Not Applicable ; LP = Legal Prohibitions; CC : Confidentialty Constraints and IU- Information unavailable/incomplete

neuland

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

www.neulandlabs.com

Concept, Content & Design wp (info@wyatt.co.in)