

MINUTES BOOK

MINUTES OF THE THIRTIETH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF NEULAND LABORATORIES LIMITED HELD ON TUESDAY, THE 24TH DAY OF JUNE, 2014 AT 2.30 P.M. AT GRANDBALL ROOM, TAJ KRISHNA, ROAD NO. 1, BANJARA HILLS, HYDERABAD - 500 034

PRESENT

Directors:

Dr. D. R. Rao	Chairman & Managing Director
Mr. D. Sucheth Rao	Whole Time Director & CEO
Mr. D. Saharsh Rao	Whole Time Director & President - CMS
Mr. G.V.K. Rama Rao	Director
Mr. P.V. Maiya	Director
Mrs. Bharati Rao	Director

In Attendance

Mr. N.S. Viswanathan	Chief Financial Officer
Ms. Sarada Bhamidipati	Company Secretary

Members: 351

Proxies: 91

E-Voting: 23

After ascertaining the quorum, the Company Secretary, Ms. Sarada Bhamidipati, welcomed the shareholders to the 30th Annual General Meeting and declared that the Register of Director's shareholding was open for inspection to the members of the Company. She then requested Dr. D.R.Rao, Chairman, to preside over the meeting.

Dr. D.R. Rao, Chairman, commenced the proceedings of the meeting. The Chairman welcomed the shareholders to the 30th Annual General meeting and introduced the Directors present on the dais and also given a brief profile of Mrs. Bharati Rao to the Shareholders.

The Chairman, in his speech thanked all the stakeholders for the support extended to the Management in achieving the noteworthy results during FY 2013-14. He also briefed about the financial position of the Company and business arrangement with MAPIC.

Thereafter, the Chairman requested Ms. Sarada Bhamidipati, Company Secretary, to read the results of the e-voting facility offered to the shareholders pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014.

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The Company Secretary informed the shareholders that shareholders representing 58.07% of the total shareholding, i.e., 44,45,817 shares, utilized the e-voting facility, of which 100 votes were invalid. Of the valid votes, the votes polled in favour and against the resolutions are as under:

Resolution No.	Number of valid votes polled	No. of shares polled in favour		No. of shares polled against	
		Favour	%	Against	%
1	4445717	4445717	100%	0	-
2	4445717	4445717	100%	0	-
3	4445717	4445717	100%	0	-
4	4445717	4445716	99.99998%	1	0.00002%
5	4445717	4445717	100%	0	-
6	4445717	4445717	100%	0	-
7	4445717	4445717	100%	0	-
8	4445717	4445717	100%	0	-
9	4445717	4445717	100%	0	-
10	4445717	4445717	100%	0	-
11	4445717	4445717	100%	0	-
12	4445717	4445717	100%	0	-

The following resolutions were passed at the Annual General Meeting:

ORDINARY BUSINESS

ITEM NO. 1

Ordinary Resolution to receive, consider and adopt the Balance sheet as at March 31, 2014, Statement of Profit and loss for the year ended on that date and the reports of the Directors and Auditors thereon.

“RESOLVED THAT the Balance Sheet of the company as at March 31, 2014, the Profit and Loss account of the company for the year ended on that date and the Cash Flow Statement of the company for that year along with the report of the Director’s and Auditor’s thereon be and are hereby received, considered and adopted.”

The Resolution was passed unanimously.

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ITEM NO. 2

Ordinary Resolution to declare a dividend of Rs. 3.00 per equity share to the shareholders for the financial year 2013-14

“RESOLVED THAT a dividend of Rs.3.00 per Equity share to the Equity shareholders for the financial year 2013-14 as recommended by the Board of Directors be and is hereby approved”.

The Resolution was passed unanimously.

ITEM NO. 3

Ordinary Resolution to appoint a Director in place of Mr. G.V.K. Rama Rao, who retires by Rotation and being eligible offers himself for re-appointment as a Director

“RESOLVED THAT Mr. G.V.K. Rama Rao, be and is hereby reappointed as a director of the company, whose period of office shall be liable to determination by retirement of Directors by rotation.”

The Resolution was passed unanimously.

ITEM NO. 4

Ordinary Resolution to appoint M/s.Walker Chandiok & Co LLP, Chartered Accountants, as Statutory Auditors and fixing their remuneration.

“RESOLVED THAT pursuant to the provisions of sections 139, 141 and 142 of the Companies Act, 2013, M/s. Walker Chandiok & Co., LLP, Chartered Accountants, (Registration No. 001076N), Hyderabad, be and are hereby appointed as the Statutory Auditors of the Company in place of M/s. K. S. Aiyar & Co., Chartered Accountants, (Registration No. 100186W) to hold the office from the conclusion of this Meeting for a period of 5 years, subject to ratification by the members at every Annual General Meeting, on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to reimbursement of all out of pocket expenses in connection with the audit of the accounts of the Company for the financial year ending March 31, 2015.”

The Resolution was passed with requisite majority.

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SPECIAL BUSINESS

ITEM NO. 5

Ordinary Resolution to appoint Mrs. Bharati Rao (DIN:01892516) as Independent Director of the Company

“RESOLVED THAT pursuant to Sections 149, 150, 152, 161 and other applicable provisions of the Companies Act, 2013, if any, and the rules made there under (including statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mrs. Bharati Rao (holding DIN: 01892516), whose term of office as an Additional Director, pursuant to Section 161 of the Companies Act, 2013, expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, for a period of five consecutive years with effect from May 9, 2014.”

The Resolution was passed unanimously.

ITEM NO. 6

Ordinary resolution to appoint Dr. William Gordon Mitchell (DIN:02222567), as an Independent Director.

“RESOLVED THAT pursuant to Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013, if any, and the rules made thereunder (including statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Dr. William Gordon Mitchell (holding DIN : 02222567), Independent Director of the Company who under the provisions of the Companies Act, 1956 was liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member proposing that his term as an Independent Director be for a period of five years from April 1, 2014 up to March 31, 2019, be and is hereby appointed as an Independent Director of the Company, for a period of five consecutive years from April 1, 2014 up to March 31, 2019.

The Resolution was passed unanimously.

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ITEM NO. 7

Ordinary resolution to appoint Mr. P.V.Maiya (DIN: 00195847) as an Independent Director

“RESOLVED THAT pursuant to Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013, if any, and the rules made thereunder (including statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr.P.V.Maiya (holding DIN: 00195847), Independent Director of the Company who under the provisions of the Companies Act, 1956 was liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member proposing that his term as an Independent Director be for a period of five years from April 1, 2014 up to March 31, 2019, be and is hereby appointed as an Independent Director of the Company, for a period of five consecutive years from April 1, 2014 up to March 31, 2019.”

The Resolution was passed unanimously.

ITEM NO. 8

Ordinary resolution to appoint Mr. Humayun Dhanrajgir (DIN: 00004006) as an Independent Director.

“RESOLVED THAT pursuant to Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013, if any, and the rules made thereunder (including statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr.Humayun Dhanrajgir (holding DIN : 00004006), Independent Director of the Company who under the provisions of the Companies Act, 1956 was liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member proposing that his term as an Independent Director be for a period of five years from April 1, 2014 up to March 31, 2019, be and is hereby appointed as an Independent Director of the Company, for a period of five consecutive years from April 1, 2014 up to March 31, 2019.”

The Resolution was passed unanimously.

ITEM NO. 9

Special Resolution to re-appoint Dr. D.R.Rao (DIN: 00107737) as the Chairman & Managing Director

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 (including statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V to the

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Companies Act, 2013 (corresponding to Sections 198, 269, 309 and any other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956), consent of the Company, be and is hereby accorded for the reappointment of Dr.D.R.Rao (holding DIN:00107737), as Chairman & Managing Director of the Company for a period of five (5) years effective from April 1, 2014, as under:

- a. **Salary and other allowances:** Rs.98,14,000 per annum with authority granted to the Board of Directors (hereinafter referred to as "the Board" which term shall include a Committee of Directors thereof) to determine the salary and grant increases from time to time. The annual or other increments will be merit based and will take into account the Company's performance.
- b. **Perquisites:** He shall be entitled to perquisites, allowances, benefits, facilities and amenities (collectively called "perquisites") such as unfurnished residential accommodation, medical reimbursement, leave travel assistance / allowance, membership fees of clubs, hospitalization and accident insurance, security at residence and any other perquisites as per policy/ rules of the Company in force or as may be approved from time to time provided that aggregate cost to the Company of such perquisites does not exceed Rs.16,10,000 per annum with authority to the Board to amend the same from time to time.

In addition to the above, Dr. D.R.Rao shall also be entitled to the following benefits as per policy/ rules of the Company in force or the Board may approve as from time to time.

- Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
 - Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
 - Encashment of leave at the time of retirement.
- c. **Commission:** As may be decided within the overall ceiling limit of 5% of the net profits of the Company as per the Companies Act, 2013.

RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay Dr. D.R.Rao, the remuneration by way of salary, perquisites, commission or any other allowances as specified above and in accordance with the limits specified under the Companies Act, 2013 read with Schedule V to the Companies Act, 2013 or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration.

RESOLVED FURTHER THAT the individual components of the above remuneration be decided and revised as may be agreed to by the Board and Dr. D.R.Rao.

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RESOLVED FURTHER THAT the Board or Dr. D.R.Rao shall be entitled to terminate the appointment of Dr. D.R.Rao by giving twelve month notice in writing or such shorter notice as may be mutually agreed between him and the Board.”

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, appropriate and desirable to give effect to this Resolution and delegate to any Director(s) or any other Officer(s) of the Company for obtaining necessary permissions and approvals, if any, in this connection from any authorities.”

The Resolution was passed unanimously.

ITEM NO. 10

Special Resolution to Increase the remuneration payable to Mr. D.Saharsh Rao (DIN: 02753145), Whole-time Director.

“RESOLVED THAT in partial supersession of the special resolution dated August 10, 2012, approval of the Company be and is hereby granted pursuant to the provisions of Sections 197 and any other applicable provisions of the Companies Act, 2013 (including statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V to the Companies Act, 2013 (corresponding to Sections 198, 309, 310 and any other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956), and subject to approvals, if any required, for modification to the remuneration payable to Mr.D.Saharsh Rao, Whole Time Director & President-Contract Research, as under, effective April 1, 2014.

- a. **Salary and other allowances:** Rs.72,12,000 per annum with authority granted to the Board of Directors (hereinafter referred to as “the Board” which term shall include a Committee of Directors thereof) to determine the salary and grant increases from time to time. The annual or other increments will be merit based and will take into account the Company’s performance.
- b. **Perquisites:** He shall be entitled to perquisites, allowances, benefits, facilities and amenities (collectively called “perquisites”) such as unfurnished residential accommodation, medical reimbursement, leave travel assistance / allowance, membership fees of clubs, hospitalization and accident insurance, security at residence and any other perquisites as per policy/ rules of the Company in force or as may be approved from time to time provided that aggregate cost to the Company of such perquisites does not exceed Rs.11,40,000 per annum with authority to the Board to amend the same from time to time.

The annual or other increases / increments will be merit based and will take into account the Company’s performance and in accordance within the limits specified in the Companies Act, 2013.

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In addition to the above, Mr. Saharsh Rao shall also be entitled to the following benefits as per policy/ rules of the Company in force or the Board may approve as from time to time.

- Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
 - Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
 - Encashment of leave at the time of retirement.
- c. **Commission:** As may be decided within the overall ceiling limit of 5% of the net profits of the Company as per the Companies Act 2013.

RESOLVED FURTHER THAT the individual components of the above remuneration be decided and revised as may be agreed to by the Board and Mr. Saharsh Rao and that all other terms and conditions of his appointment in terms of the resolution dated August 10, 2012 shall remain unchanged and continue to be effective.

The Resolution was passed unanimously.

ITEM NO. 11

Special Resolution to alter the Clause 112 of Articles of Association of the Company.

“RESOLVED THAT in pursuance to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013, the existing Clause 112 of the Articles of Association of the Company be and is hereby altered by adding the following at the end of the Clause:

112 (c). “The Chairman may also be the Managing Director of the Company and the provisions of the Clause 117 of the Articles of Association of the Company be mutatis mutandis applicable to such Chairman and Managing Director.”


The Resolution was passed unanimously.

ITEM NO. 12

Ordinary Resolution to approve the remuneration of the Cost Auditors for the financial year ending March 31, 2015.

“RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 and Rules thereon and subject to approval as may be required from the Central Government, the reappointment of M/s. Nageswara Rao & Co., Cost Accountants, (Registration No. 000332), Hyderabad, as Cost Auditors to audit the cost records

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maintained by the Company for the financial year ending March 31, 2015, on a remuneration of Rs.1,50,000/- (Rupees One lakh fifty thousand only) excluding taxes as may be applicable, in addition to reimbursement of all out-of-pocket expenses, be and is hereby ratified.”

Thereafter, the Chairman invited questions from the members and opened the floor for discussions. The following members participated in the discussions:

- 1) Mr. Kamal Kishore Jhavar (Folio No. 120545000007701)
- 2) Mr. Bharat Shah (Folio No. 1205140000120180)
- 3) Mr. Shantilal C Shah (Folio No. IN30102210203367)
- 4) Mr. Shanker Lal Laddha (Folio No. NLL0009356)
- 5) Mr. Ramesh Golla (Folio No. IN30051318138399)
- 6) Mr. Satyanarayana Sharma (Folio No. IN30018312143339)

The members in general appreciated increase in the share price, improvement in the profits of the Company, reduction of debt, decrease in interest rates, increase in EPS, and also commended the efforts of the Board and the Management and also sought clarification on the minimal growth in top line of the Company. They also discussed on the quantum of dividend, Rights Issue and general financial matters of the company.

The Chief Executive Officer of the Company replied to all the queries to the satisfaction of members.

There being no other business to transact the meeting ended with a vote of thanks to all the members by the Chief Financial Officer.



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