

NEULAND LABORATORIES LIMITED

(CIN: L85195TG1984PLC004393)

Registered Office: Sanali Info Park, 'A' Block, Ground Floor, 8-2-120/113,
Road No.2, Banjara Hills, Hyderabad-34.

E-mail: ir@neulandlabs.com, website: www.neulandlabs.com, Tel: +91-40-30211600



NOTICE

NOTICE is hereby given that the Thirty Sixth Annual General Meeting of the Members of Neuland Laboratories Limited will be held on Friday, July 10, 2020 at 10.00 a.m. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS

- To receive, consider and adopt:
 - the Audited Financial Statements of the Company for the financial year ended March 31, 2020, together with the reports of the Board of Directors and the Auditors' thereon; and
 - the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2020, together with the report of the Auditors thereon
- To confirm the payment of Interim Dividend of ₹2 per equity share already paid during the year as the final dividend for the financial year 2019-20.
- To appoint a Director in place of Mr. Davuluri Saharsh Rao (DIN: 02753145) who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

4. Re-appointment of Dr. Nirmala Murthy (DIN : 00734866) as an Independent Director

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17(1A) and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s), clarification(s), substitution(s) or re-enactment(s) thereof for the time being in force), any other applicable law(s), regulation(s), guideline(s), Dr. Nirmala Murthy (DIN: 00734866), who was appointed as an Independent Director and who holds office of Independent Director up to May 7, 2020, and being eligible and in respect

of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Independent Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years from May 8, 2020 till May 7, 2025 on the Board of the Company."

5. Re-appointment of Mr. Davuluri Saharsh Rao (DIN: 02753145) as Whole Time Director designated as Joint Managing Director

To consider and, if thought fit, to pass the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198 and 203 read with Schedule V and any other applicable provisions of the Companies Act, 2013 (including statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, consent of the Company, be and is hereby accorded for the re-appointment of Mr. Davuluri Saharsh Rao (DIN: 02753145) as Whole Time Director designated as Joint Managing Director of the Company for a period of five (5) years effective from June 1, 2020 on a remuneration not exceeding 5% of the net profits of the Company as per the Companies Act, 2013, and such other approvals, if any required, as set out below:

- Salary and perquisites:** In the range of ₹1,20,00,000 to ₹3,00,00,000 per annum and any increase to be determined by the Board, from time to time in accordance with the limits specified under Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. The annual or other increments will be merit based and will take into account the Company's performance.
- 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 by the Board with authority to the Board to amend the same from time to time or as may be notified or prescribed in this regard from time to time.

In addition to the above, Mr. Davuluri 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, which shall not be included in the computation of the ceiling on remuneration specified above.

- Company maintained car with driver;
 - Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent of eligibility and 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 by the Board in accordance with the overall ceiling limits specified under the Act.

RESOLVED FUTURE THAT Mr. Davuluri Saharsh Rao, being hereby reappointed as a director liable to retire by rotation, shall continue to hold his office of Whole Time Director, and the reappointment as such director shall not be deemed to constitute a break in his office of Whole Time Director.

RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay Mr. Davuluri Saharsh Rao, the minimum remuneration by way of salary, perquisites, statutory benefits or any other allowances as specified under the Act or such other limits as may be prescribed, 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 Mr. Davuluri Saharsh Rao, in accordance with the limits specified under the Act

or such other limits as may be prescribed from time to time in this regard, as minimum remuneration.

RESOLVED FURTHER THAT the Board or Mr. Davuluri Saharsh Rao shall be entitled to terminate the appointment of Mr. Davuluri Saharsh Rao by giving twelve months' 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."

6. Ratification of remuneration of Cost Auditors

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, and subject to approval as may be required from the Central Government, the members be and hereby ratify the remuneration of ₹2,50,000 (Rupees two lakh and fifty thousand only) and taxes as applicable plus out-of-pocket expenses payable to M/s. Nageswara Rao & Co., Cost Accountants, (Registration No. 000332), Hyderabad, Cost Auditors appointed by the Board of Directors of the Company to audit the cost records maintained by the Company for the financial year ending March 31, 2021.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds and things as may be necessary to give effect to this Resolution.

By Order of the Board
For Neuland Laboratories Limited

Dr. Davuluri Rama Mohan Rao
Chairman & Managing Director
(DIN: 00107737)

Place: Hyderabad
Date: May 22, 2020

NOTES:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the MCA Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as voting during the AGM will be provided by NSDL.
3. The Board has not recommended a final dividend and the interim dividend of ₹2/- per equity share declared by the Board on February 11, 2020 shall be considered as the final dividend for the Financial Year 2019-20.
4. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM is annexed.
5. The Register of Members and Share Transfer Books of the Company will remain closed from July 4, 2020 to July 10, 2020 (both days inclusive) for the purpose of giving effect to the transmission and transposition requests lodged with the Company.
6. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
7. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, KFin Technologies Private Limited ("KFin") for assistance in this regard.
8. To promote green initiative, Members who have not registered their email addresses are requested to register the same with their Depository Participants in case the shares are held by them in electronic form and with KFin, in case the shares are held in physical form.
9. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to KFin in case the shares are held by them in physical form.
10. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the Company's website <https://www.neulandlabs.com>. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to KFin in case the shares are held in physical form.
11. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or KFin, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
12. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
13. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before July 9, 2020 through email on ir@neulandlabs.com. The same will be replied by the Company suitably.
14. Members are requested to note that, dividends if not encashed for a consecutive period of 7 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"). The shares in respect of such

unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/ shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on www.iepf.gov.in. For details, please refer to Corporate Governance Report which is a part of this Annual Report.

15. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.neulandlabs.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and NSDL at <https://www.evoting.nsdl.com/>. Members whose email IDs are not registered with the Company/Depositories are requested to follow the process provided further for registration of email IDs with the depositories for procuring user ID & password and registration of email IDs for e-voting for the resolutions set out in this notice.

16. At the Thirty-Fifth AGM held on July 5, 2019 the Members approved appointment of MSKA & Associates, Chartered Accountants (Firm Registration No. 105047W) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that AGM till the conclusion of the Fortieth AGM. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the Thirty Sixth AGM.

17. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

18. Instructions for e-voting and joining the AGM are as follows:

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period begins on July 7, 2020 (9:00 a.m. IST) and ends on July 9, 2020 (5:00 p.m. IST). The remote e-voting module shall be disabled by NSDL for voting thereafter.

During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on July 3, 2020 (Cut-off date), may cast their vote electronically.

Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the Cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|--|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****. |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

5. Your password details are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL in your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.
 6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
 7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
 8. Now, you will have to click on "Login" button.
 9. After you click on the "Login" button, Home page of e-Voting will open.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
 3. Select "EVEN" of company for which you wish to cast your vote.
 4. Now you are ready for e-Voting as the Voting page opens.
 5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
 6. Upon confirmation, the message "Vote cast successfully" will be displayed.
 7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
 8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to dhr300@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of email ids for e-voting for the resolutions set out in this notice :

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to ir@neulandlabs.com.

In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement,

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to ir@neulandlabs.com.

2. Alternatively member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
3. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at ir@neulandlabs.com from July 5, 2020 (9:00 a.m. IST) to July 7, 2020 (5:00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The

Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Members are encouraged to join the Meeting through Laptops for better experience.
6. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
7. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
8. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their names, demat account number/folio number, email id, mobile number at ir@neulandlabs.com. The same will be replied by the company suitably.
9. The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on July 3, 2020. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the Cut- off date only shall be entitled to avail the facility of remote e-voting or voting at the AGM.
10. The Company has appointed Mr. D. Hanumanta Raju, or failing him, Ms. Shaik Razia, Partners, D. Hanumanta Raju & Co., Practising Company Secretaries, Hyderabad, as the Scrutinizer to the e-voting process and voting at the AGM in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.
11. The scrutinizer shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the AGM, thereafter unlock the votes through e-voting in the presence of at least two witnesses, not in the employment of the Company and make, not later than three days from the conclusion of the meeting, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman of the Company, who shall countersign the same.
12. The scrutiniser shall submit his report to the Chairman, who shall declare the result of the voting. The results declared along with the scrutiniser's report shall be placed on the Company's website: www.neulandlabs.com and shall also be communicated to the stock exchanges. The resolution shall be deemed to be passed at the AGM of the Company scheduled to be held on July 10, 2020.
13. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. July 10, 2020.

Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013

In conformity with Section 102 of the Companies Act, 2013, the following Explanatory Statement sets out all material facts relating to the special business mentioned in the accompanying Notice and should be taken as forming part of the Notice. An explanatory statement in relation to Item No.4 is also furnished and should also be taken as forming part of the Notice.

ITEM NO.4

Dr. Nirmala Murthy (DIN: 00734866) was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, who holds office upto May 7, 2020 ["first term" in line with the explanation to Sections 149(10) and 149(11) of the Act].

The Nomination and Remuneration Committee at its meeting held on February 10, 2020, has recommended re-appointment of Dr. Nirmala Murthy as Independent Director for a second term of 5 (five) consecutive years on the Board of the Company. The Board of Directors, at their meeting held on February 11, 2020, based on the performance evaluation and on the recommendation of Nomination and Remuneration Committee, considers that, given Dr. Murthy's experience and contribution made by her during the first term, the continued association of Dr. Nirmala Murthy, would be beneficial to the Company and it is desirable to continue to avail her services as Independent Director. Accordingly, it is proposed to re-appoint Dr. Nirmala Murthy as Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company with effect from May 8, 2020 till May 7, 2025.

In terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) (Amendment) Regulations, 2018 dated May 9, 2018, effective from April 1, 2019 approval of the Members by way of Special Resolution is required for appointment of Non-Executive Directors beyond the age of seventy-five years. Consent of the members, by way of special resolution, is also sought under Regulation 17(1A) of SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015, for re-appointment of Dr. Nirmala Murthy, who would attain the age of 75 years during 2021, i.e., during the re-appointment term, and hence shareholders' approval through Special Resolution is sought under Item No.4 to this Notice.

Section 149(10) of the Act provides that an Independent Director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a Special Resolution by the Company and disclosure of such appointment in its Board's Report. Section 149(11) provides that an Independent Director may hold office for up to two consecutive terms.

Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") inter alia prescribe that an Independent Director of a Company shall meet the criteria of independence as provided in Section 149(6) of the Act.

Dr. Nirmala Murthy is not disqualified from being appointed as Director in terms of Section 164 of the Act and have given her consent to act as Director.

The Company has received notice in writing from a member under Section 160 of the Act proposing the candidature of Dr. Nirmala Murthy for the office of Independent Director of the Company.

The Company has also received declaration from Dr. Nirmala Murthy that she meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations.

In the opinion of the Board, Dr. Nirmala Murthy fulfil the conditions for re-appointment as Independent Director as specified in the Act and the Listing Regulations and they are independent of the management. Details of Dr. Nirmala Murthy whose re-appointment as Independent Director is proposed at Item No. 4 is provided in Annexure 2 to the Notice pursuant to the provisions of the Listing Regulations and the Secretarial Standard on General Meetings, issued by the Institute of Company Secretaries of India.

Copy of draft letter of re-appointment of Dr. Nirmala Murthy setting out the terms and conditions of reappointment are available on the website of the Company. Dr. Nirmala Murthy is interested in the resolution set out at Item No.4 of the Notice with regard to her re-appointment. The relatives of Dr. Nirmala Murthy may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

The Board recommends the Special Resolution set out at Item No.4 of the Notice for approval by the Members. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are concerned or interested, financially or otherwise, in the Special Resolution set out at Items No.4 of the Notice.

ITEM NO 5:

Mr. Davuluri Saharsh Rao, Whole Time Director designated as Joint Managing Director, 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 pursued 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 organization. Mr. Davuluri Saharsh Rao spent some time with a venture fund focused on Lifesciences in the Research Triangle.

Mr. Davuluri Saharsh Rao 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. Davuluri Saharsh Rao has been leading the key strategic corporate actions and has been responsible for driving business development for the CMS business. He has been responsible for the focus on building capabilities in the Peptides area, where Neuland is being recognized for its strengths as a result of its proprietary purification technology and experience garnered over the last ten years working in the space. He is currently responsible for all Marketing and Business Development activities along with oversight of Research & Development and Information Technology.

The current term of office of Mr. Davuluri Saharsh Rao as the Whole Time Director expires on May 31, 2020. Considering his contribution in the growth of CMS business and overall marketing and business development activities along with oversight of R&D and Information Technology, the Board of Directors on the recommendation of Nomination and Remuneration Committee, has decided to re-appoint Mr. Davuluri Saharsh Rao as the Whole Time Director of the Company for a further period of 5 (five) years effective from June 1, 2020 on a remuneration as set out in the resolution proposed under this Item of the Notice, at its meeting held on May 22, 2020.

Shareholders' approval is being sought through a special resolution, pursuant to Section 196 of the Companies Act, 2013, Regulation 17(6)(e) and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("SEBI Listing Regulations") in respect of payment of remuneration to the executive directors.

In accordance with Schedule V and other applicable provisions of the Companies Act, 2013, SEBI Listing Regulations including Regulation 17(6)(e) and other applicable provisions of SEBI

Listing Regulations and on the recommendation made by the Nomination & Remuneration Committee of the Company at its meeting held on May 20, 2020, the Board of Directors of the Company at its meeting held on May 22, 2020, have approved the payment of minimum remuneration to Mr. Davuluri Saharsh Rao, comprising of salary and benefits as per Schedule V of the Companies Act, 2013, for a period of three years, with effect from June 1, 2020, subject to other approvals if any required, in the absence of or inadequacy of profits in any financial year(s) during such period. Mr. Davuluri Saharsh Rao holds 2,53,487 equity shares in the Company.

The resolution set out in the notice under this item and the explanatory statement shall be treated as an abstract under section 190 of the Companies Act, 2013.

Except Dr. Davuluri Rama Mohan Rao, Mr. Davuluri Sucheth Rao and Mr. Davuluri Saharsh Rao and their relatives to the extent of their shareholding in the Company, if any, no other director or Key Managerial Personnel (KMP) or relatives of directors and KMPs is interested or concerned in the Resolution. The Board of Directors recommend the Special Resolution set out at Item No.5 of the Notice for approval by the members.

ITEM NO 6:

The Board of Directors have at the meeting held on May 22, 2020, on the recommendation of the Audit Committee, approved the reappointment of the Cost Auditors, M/s. Nageswara Rao & Co., Cost Accountants and remuneration payable to them, as set out in the Resolution under this Item of the Notice.

In accordance with Rule 14 of Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors requires ratification by the Shareholders and hence this resolution is put for the consideration of the shareholders.

The Board recommends the Resolution at Item No. 6 of this Notice for approval of the Members.

None of the Directors and Key Managerial Personnel of the Company and their respective relatives, is, in any way, concerned or interested in the Resolution set out at Item No. 6 of this Notice.

Annexure-1

THE STATEMENT CONTAINING ADDITIONAL INFORMATION AS REQUIRED IN SCHEDULE V OF THE COMPANIES ACT, 2013

I. General Information

1. **Nature of Industry:** Pharmaceuticals
2. **Date of commencement of commercial production:** The Company is in operation since 1986.
3. **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not Applicable

4. **Financial performance (standalone):** (Amount in ₹ lacs)

| Particulars | 2019-20 | 2018-19 |
|--|---------|---------|
| Total Income | 76,660 | 67,032 |
| Profit before finance cost, depreciation, amortization and tax | 10,534 | 6,136 |
| Profit before Tax | 5,250 | 1,984 |
| Profit after Tax | 1,588 | 1,614 |

5. **Foreign Investment or collaborators, if any:**

The Company has total foreign investment of 28.37%, including Foreign Bodies, FPIs and NRIs as on May 22, 2020. The Company has no foreign collaborators and hence there is no equity participation by foreign collaborators in the Company.

II. Information about the Directors seeking fixation of remuneration at the forthcoming Annual General Meeting

| S.No | Name of the Director | Mr. Davuluri Saharsh Rao |
|------|---|---|
| 1 | Background Details | Mr. Davuluri Saharsh Rao, Joint Managing Director, 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 organization. Mr. Davuluri Saharsh Rao spent some time with a venture fund focused on Lifesciences in the Research Triangle. |
| 2 | Past remuneration | Remuneration of last 3 years are as follows: 2019-20: ₹200.00 lacs 2018-19: ₹125.00 lacs 2017-18: ₹50.00 lacs |
| 3 | Job profile and his suitability | Mr. Davuluri Saharsh Rao 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. Davuluri Saharsh Rao has been leading key strategic corporate actions and has been responsible for driving business development for the CMS business. He has been responsible for the focus on building capabilities in the Peptides area, where Neuland is being recognized for its strengths as a result of its proprietary purification technology and experience garnered over the last ten years working in the space. He is currently responsible for all Marketing and Business Development activities along with oversight of Research & Development and Information Technology. |
| 4 | Remuneration proposed | As stated in the Resolution proposed under Item No.4. |
| 5 | Comparative remuneration profile with respect to the industry | The remuneration as proposed is comparable or lesser than to that drawn by the peers in the similar capacity in the industry and is commensurate with the size of the Company and its business. |
| 6 | Pecuniary relationship directly or indirectly with the Company or relationship with other managerial personnel, if any. | He is a promoter-shareholder of Neuland Laboratories Limited holds 2,53,487 equity shares (1.98%) in the Company as on May 22, 2020. Dr. Davuluri Rama Mohan Rao, Chairman & Managing Director and Mr. Davuluri Sucheth Rao, Vice Chairman & Chief Executive Officer and the incumbent are related to each other. |

III. Other information

1. Reasons of loss or inadequacy of profits: Not Applicable. The Company is passing a Special Resolution pursuant to the proviso to the sub-section (1) of Section 197 of the Companies Act, 2013 and as a matter of abundant precaution, in the event the Company's profitability is adversely impacted in future due to business environment during the period for which remuneration is payable to the respective directors.
2. Steps taken or proposed to be taken for improvement: The Company has been taking various strategic and operational measures and these are expected to result in the improvement in the present position. The inherent strengths of the Company, especially as a Quality conscious manufacturer, and the business development efforts pay off in the CMS business with a number of new projects in the pipeline and increased the number of live projects, is also expected to enable the Company to position itself during adversities. The Company has also strategically planned to address the issue of productivity and increase profits and has put in place measures to reduce cost and improve the bottom-line.
3. Expected increase in productivity and profits in measurable terms: The Company has taken significant positive actions which are expected to yield sustained growth as well as face future challenges and it is continuing to take steps which will enable the growth of the Generic Drug Substance and Custom Manufacturing Solutions business. It has been aggressively pursuing and implementing its strategies to improve financial performance.

IV. Disclosures:

Disclosures on managerial remuneration, fees, stock options, if any, are mentioned in the Director's Report, forming part of the Annual Report of FY 2019-20 of the Company, to be considered at the ensuing Annual General Meeting.

Annexure-2

INFORMATION IN RESPECT OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AS REQUIRED UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

| Name of the Director | Dr. Nirmala Murthy | Mr. Davuluri Saharsh Rao |
|---|--|--|
| Date of first appointment | 08.05.2015 | 01.06.2009 |
| Date of Birth | 24.06.1946 | 08.07.1979 |
| Expertise in specific functional areas | Health Information Systems | Information Technology and Marketing |
| Educational Qualifications | Masters' degree in Statistics from Bombay University, India, and Doctorate from the Harvard School of Public Health, Boston, USA | B.E. Masters in MIS from Weatherhead School of Management, Cleaveland, OH. MBA from University of North Carolina, USA |
| Chairman/Member of the Committee of the Board of Directors of the Company | Audit Committee, Member Corporate Social Responsibility Committee, Member | Corporate Social Responsibility Committee, Member |
| List of directorships, Committee Chairmanship and membership held in other companies as on May 22, 2020 | NIL | NIL |
| Relationships between directors inter-se | NA | Son of Dr. Davuluri Rama Mohan Rao, Chairman & Managing Director and Brother of Mr.Davuluri Sucheth Rao, Vice Chairman & CEO |
| Number of shares held in the Company as on May 22, 2020 | Nil | 253,487 |