NEULAND

(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 First Annual General Meeting of the Members of Neuland Laboratories Limited will be held on **Friday**, **the 14th day of August, 2015 at 2.30 p.m.** at the Grand Ball Room, Taj Krishna, Road No. 1, Banjara Hills, Hyderabad – 500034, to transact the following business:

ORDINARY BUSINESS

- To receive, consider and adopt the Balance Sheet as at March 31, 2015, Statement of Profit and Loss for the year ended on that date and the reports of the Directors and Auditors thereon.
- 2. To declare dividend of Rs. 1.50 per equity share to the share holders for the financial year 2014-15.
- To appoint a Director in place of Dr. Christopher M Cimarusti (DIN: 02872948) who retires by rotation, and being eligible seeks re-appointment.
- To consider and if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolution**:

"RESOLVED that pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, the appointment of Walker Chandiok & Co LLP, Chartered Accountants (ICAI Firm's Registration No. 001076N/N500013), Hyderabad, as Statutory Auditors of the Company for a term of five years i.e. till the conclusion of the 35th Annual General Meeting (AGM), which was subject to ratification at every AGM, be and is hereby ratified to hold the office from the conclusion of this AGM till the conclusion of the 32nd AGM of the Company to be held in the year 2016, at such remuneration plus reimbursement of all out- of-pocket expenses in connection with the audit of the accounts of the Company as may be mutually agreed between the Board of Directors of the Company and the Auditors."

SPECIAL BUSINESS

 To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Sections 149, 150, 152, 161 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. Nirmala Murthy (DIN: 00734866) 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, not liable to retire by rotation and to hold office for 5 (five) consecutive years for a term up to May 7, 2020."

To consider and, if thought fit, pass with or without modification(s), the following resolution as an Ordinary Resolution:

"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 Companies Act, 2013, consent of the Company, be and is hereby accorded for the reappointment of Mr. Davuluri Saharsh Rao (DIN: 02753145), as Whole Time Director & President of the Company, liable to retire by rotation, for a period of five (5) years effective from June 1, 2015, on a remuneration within the overall ceiling limit of 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:

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. 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.

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.

- Company maintained car with driver.
- 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 FUTHER THAT Mr.D.Saharsh Rao, Whole Time Director & President, being hereby reappointed as a director liable to retirement by rotation, shall continue to hold his office of Whole Time Director & President, and the reappointment as such director shall not be deemed to constitute a break in his office of Whole Time Director & President.

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 remuneration by way of salary, perquisites, commission or any

other allowances 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 Mr.Davuluri Saharsh Rao.

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 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."

 To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution

"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 maintained by the Company for the financial year ending March 31, 2016, 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."

For and on behalf of the Board

Sd/-

Hyderabad May 08, 2015 DR. D. R. RAO CHAIRMAN & MANAGING DIRECTOR

(DIN: 00107737)

NOTES

 A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member of the Company.

The instrument of proxy, to be effective, should be deposited at the registered office of the company not later than 48 hours before the commencement of the Meeting.

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

- 2. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the company a certified copy of the Board resolution authorising their representative to attend and vote on their behalf at the Meeting.
- In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- 4. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Registrars of the Company, Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032.
- **5.** The relative Statement pursuant to Section 102 of the Companies Act, 2013 (the "Act"), with respect to the special business set out in Item Nos. 5 to 7 above, is annexed hereto.
- **6.** The relevant details as required under Clause 49 of the Listing Agreement with the stock exchanges, of persons seeking appointment/re-appointment relating to item Nos. 3, 5 and 6 of the Notice are also annexed.
- **7.** Members/Proxies are requested to bring the attendance slip filled in for attending the Meeting.
- **8.** The Company has notified that the Register of Members and Share Transfer Books of the Company

- will remain closed from **August 8, 2015 to August 14, 2015 (both days inclusive)** for determining the names of members eligible for dividend on Equity shares, if declared at the meeting.
- 9. The dividend as recommended by the Board of Directors, if declared at the Meeting, will be paid after August 17, 2015 but before September 12, 2015, to those members whose names shall appear on the Company's Register of Members on August 7, 2015; in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
- 10. Members holding shares in electronic form may note that bank particulars registered against their respective depository account will be used by the company for the payment of dividend. The Company or its Registrar and Transfer Agents, Karvy Computershare Private Limited ("Karvy") cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members.
- 11. Members who hold shares in physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail of the nomination facility. Members holding shares in dematerialized form may contact their respective depository participant(s) for recording nomination in respect of their shares.
- 12. Members desiring any information as regard accounts are requested to write to the Company on or before August 7, 2015, to the attention of the Company Secretary, so as to enable the Company to keep the information ready.
- **13**. Pursuant to the provisions of Section 124 and 125 of the Companies Act, 2013, the Company has transferred on due dates Rs. 1,21,984 being the unpaid or unclaimed dividends for the financial year 2006-07, to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on June 24, 2014 (date of the last Annual General Meeting) on the website of the IEPF (www.iepf.gov.in) as also on the website of the Company (www.neulandlabs.com).

Information in respect of unclaimed dividend pursuant to the provisions of Section 124 of the Companies Act, 2013 (corresponding provisions of Section 205A of the Companies Act, 1956), and the dates by which they need to be transferred is given below:

Date of declaration	Due date for transfer to IEPF		
July 24, 2008	August 22, 2015		
July 18, 2009	August 16, 2016		
No dividend declared	Not Applicable		
No dividend declared	Not Applicable		
No dividend declared	Not Applicable		
August 2, 2013	September 1, 2020		
June 24, 2014	July 23, 2021		
	declaration July 24, 2008 July 18, 2009 No dividend declared No dividend declared No dividend declared August 2, 2013		

Members who have not encashed the dividend warrants so far in respect of the aforesaid period are requested to send their claims, if any, to the Company well in advance of the above due dates.

- 14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Karvy.
- **15.** Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Karvy, for consolidation into a single folio.
- 16. Electronic copy of the Annual report is being sent to all the members whose email IDs are registered with the Company/ Depositories unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode.
- 17. To promote green initiative, Members are requested to register their e-mail addresses through their Depository Participants for receiving all communications including Annual Report, Notices, Circulars, etc. from the Company electronically. Members holding the shares in physical form may register their e-mail addresses through the Registrar & Transfer Agent, giving reference of their Folio Number.
- 18. Members may also note that the Notice of the Annual General Meeting and the Annual Report for FY 2014-15 will also be available on the Company's website www.neulandlabs.com for their download.

- **19.** Non-Resident Indian Members are requested to inform Karvy, immediately of:
 - (a) Change in their residential status on return to India for permanent settlement.
 - (b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

20. Voting through electronic means

Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Clause 35B of the Listing Agreement, the Members are provided with the facility to cast their votes on resolutions through e-voting services provided by Karvy Computershare Private Limited ("Karvy").

The e-voting period commences on Tuesday, August 11, 2015 (9:00 a.m. IST) and ends on August 13, 2015 (5:00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on August 7, 2015 (Cut off date), may cast their vote electronically. The e-voting module shall be disabled by Karvy for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.

Instructions for electronic voting are as under:

- A. For members who receive notice of annual general meeting through e-mail:
 - i. Open the internet browser by typing the <u>URL: https://evoting.karvy.com.</u>
 - ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be **EVENT number** followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit https://evoting.karvy.com or contact toll free number 1-800-3454-001 for your existing password.
 - After entering these details appropriately, click on "LOGIN".
 - iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9)

and a special character (@,#,\$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the E-Voting Event Number for Neuland Laboratories Limited.
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR / AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR / AGAINST" taken together not exceeding your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- viii. Shareholders holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat accounts.
- ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- x. You may then cast your vote by selecting an appropriate option and click on "Submit".
- xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- xii. Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI etc.,) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email dhr300@gmail.com with a copy marked to evoting@karvy.com.

The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVENT No.".

B. For members who receive the notice of annual general meeting in physical form:

- Members holding shares either in demat or physical mode who are in receipt of notice in physical form, may cast their votes using the ballot form enclosed to this notice. Please refer instructions given in the said form for more details.
- ii. Members may alternatively opt for evoting, for which the E-Voting **Event Number** (EVEN), User ID and Password is enclosed. Please follow steps from SI. No. (i) to (xii) under heading A of Note no. 20 above to vote through e-voting platform.

21. For members who wish to vote using ballot form:

Pursuant to Clause 35B of the Listing Agreement, members who do not have access to e-voting facility may fill in the ballot form sent along with the notice and submit the same in a sealed envelope to the scrutinizer, Mr. D.Hanumanta Raju, Practising Company Secretary, Unit: Neuland Laboratories Limited, C/o Karvy Computershare Private Ltd., Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 on or before 13th August 2015 by 5.00 p.m.

Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the scrutinizer on the validity of the forms will be final.

In the event a member casts his votes through both the processes i.e. e-voting and ballot form, the votes in the electronic system would be considered and the ballot form would be ignored.

22. Voting facility at Annual General Meeting

- i. In addition to the remote e-voting facility as described above, the Company shall make a voting facility available at the venue of the Meeting, through ballot form and members attending the meeting who have not already cast their votes by remote e-voting or ballot form as mentioned above shall be able to exercise their right at the meeting.
- ii. Members who have cast their votes by remote e-voting or ballot form prior to the meeting may attend the meeting, but shall not be entitled to cast their vote again.

General Instructions regarding voting

23. Members can opt for only one mode of voting, i.e., either by Ballot Form or e-voting. In case Members cast their votes through both the modes, voting done

by e-voting shall prevail and votes cast through Ballot Form shall be treated as invalid.

- 24. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. August 7, 2015, may obtain the User ID and password in the manner as mentioned below:
 - a. If e-mail address or mobile number of the member is registered against Folio No./DP ID Client ID, then on the home page of https://evoting.karvy.com, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - b. Member may call Karvy's toll free number 1-800-3454-001.
 - Member may send an e-mail request to ir@neulandlabs.com

If the member is already registered with Karvy e-voting platform then he can use his existing User ID and Password for casting the vote through remote e-voting.

- 25. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on August 7, 2015. 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 meeting through Ballot Paper.
- **26.** The Company has appointed Mr. D.Hanumanta Raju, Partner, D.Hanumanta Raju & Associates, Practising Company Secretaries, Hyderabad, as the Scrutinizer to the e-voting process, (including voting through ballot form received from the members) and voting at the venue of the annual general meeting in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.
- 27. The scrutinizer shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, 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 scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman of the Company, who shall countersign the same.
- 28. The scrutinizer shall submit his report to the Chairman, who shall declare the result of the voting. The results declared along with the scrutinizer's report shall be placed on the Company's website: www.neulandlabs.com and on the website of Karvy: https://evoting.karvy.com, and shall also be

communicated to the stock exchanges. The resolution shall be deemed to be passed at the annual general meeting of the Company Scheduled to be held on Friday, August 14, 2015.

- 29. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. August 14, 2015.
- **30.** In case a Member is desirous of obtaining a duplicate Ballot Form, such member may send an e-mail to evoting@karvy.com by mentioning their Folio/DP ID and Client ID No.

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

Item No. 4

This explanatory statement is provided though strictly not required as per section 102 of the Act.

M/s. Walker Chandiok & Co LLP, Chartered Accountants, (ICAI Firm's Registration No. 001076N) were appointed as the Statutory Auditors of the Company at the Annual General Meeting (AGM) of the Company held on June 24, 2014 for a period of five years, i.e. till the conclusion of the 35th AGM.

As per provisions of Section 139(1) of the Act, their appointment for the above tenure is subject to ratification by members at every AGM.

Accordingly, ratification of the members is being sought for the proposal contained in the resolution set out at Item no. 4 of the Notice.

The Board commends the Resolution at Item No. 4 for approval by the Members.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMPs is concerned or interested in the Resolution at Item No. 4 of the Notice.

Item No. 5

The Board of Directors has appointed Dr.Nirmala Murthy as an Additional Director with effect from May 8, 2015. As per the provisions of Section 161(1) of the Act, Dr.Murthy shall hold office as an Additional Director only up to the date of this Annual General Meeting of the Company, and is eligible for appointment as Director.

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

The matter regarding appointment of Dr.Nirmala Murthy as Additional Director was placed before the Nomination and Remuneration Committee and it has recommended her appointment.

Dr.Murthy has given a declaration to the Board that she is not disqualified from being appointed as a Director in terms of Section 164 (2) of the Act and has given her consent to act as a Director. In the opinion of the Board, she fulfils the conditions specified in the Act and the Rules framed thereunder for her appointment.

In compliance with the provisions of Section 161 of the Act, the appointment of Dr.Nirmala Murthy as a Director is now being placed before the Members for their approval.

Dr. Murthy, aged 68 years, is an honorary president of the Foundation for Research in Health System, a non-government research organization, which she helped create in 1989. She has a Masters degree in statistics from Bombay University, India (1967), and a doctorate from the Harvard School of Public Health, Boston, USA (1974). In 1974, she joined the faculty of the Indian Institute of Management, Ahmedabad, doing research and training in the area of public health management.

She is a specialist in Health Information Systems, monitoring & Evaluation of Health and Welfare programs and has designed several management training programs for health care providers working at different levels in public health system. As early as in 1983, she demonstrated feasibility of using micro-computers in rural health centres to significantly improve quality and reach of health services to rural mothers and children. The concept was later replicated in different health programs and now been adopted at the national level. Currently her work involves using ICT to simplify health information gathering, processing and data use by program managers to improve health outcomes among the rural poor. She has published over 50 research papers in journals and books, in the area of her expertise.

Dr. Murthy does not hold any shares in the Company, either by herself or for any other person on a beneficial basis.

Your Board is of the opinion that Dr. Murthy fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter of appointment of Dr. Murthy as an Independent Director setting out the terms and conditions would be available for inspection as mentioned in the Note No.6 of the Notes to this Notice.

None of the Directors, Key Managerial Personnel (KMPs) or relatives of Directors and KMPs except Dr. Murthy, is concerned or interested in the resolution at Item No. 5 of the Notice. The Board commends the Resolution for approval by the Members.

Item No. 6

Mr. D. Saharsh Rao joined the Company during March 2005 as the Chief Information Officer and later has been appointed as a Whole Time Director from June 1, 2009. He is responsible for the Business Development of the Company across geographies. Under his leadership, the

Company has made a successful foray into business in Japan and he has been instrumental in securing the Joint Business arrangement with API Corporation, Japan. He also shares the management responsibilities along with other Whole Time Directors.

The current term of office of Mr.D.Saharsh Rao expires on May 31, 2015. Considering the contribution of Mr.D.Saharsh Rao in the growth of Custom Manufacturing Solutions business, the significant improvement in the performance and also the financial condition of the Company, the Board of Directors on the recommendation of the Nomination and Remuneration Committee, has decided to re-appoint Mr.D.Saharsh Rao as the Whole Time Director & President of the Company for a further period of 5 years effective from June 1, 2015 on a remuneration as set out in the Resolution proposed under this Item of the Notice, at its meeting held on May 8, 2015.

Mr.D.Saharsh Rao has given a declaration to the Board that he is not disqualified from being appointed as a Director in terms of Section 164 (2) of the Act.

None of the Directors, Key Managerial Personnel (KMPs) or relatives of Directors and KMPs except Dr. D. R. Rao, Mr. D. Sucheth Rao and Mr. D. Saharsh Rao, is concerned or interested in the resolution at Item No. 6 of the Notice. The Board commends the Resolution for approval by the Members.

Item No. 7

Pursuant to the recommendation of the Audit Committee, the Board of Directors had at its meeting held on May 8, 2015, approved the reappointment of the Cost Auditors, M/s. Nageswara Rao & Co., Cost Accountants (Registration No.000332) 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 appointment of and remuneration payable to the Cost Auditors requires ratification by the Shareholders and hence this resolution is put for the consideration of the shareholders.

None of the Directors, Key Managerial Personnel (KMPs) or relatives of Directors and KMPs is concern or interested in the Resolution at item no. 7 of the Notice. The Board commends the Resolution for approval by the Members.

For and on behalf of the Board

Sd/-

Hyderabad May 08, 2015 DR. D. R. RAO CHAIRMAN & MANAGING DIRECTOR

(DIN: 00107737)

Additional Information of Directors seeking appointment/re-appointment pursuant to Clause 49(IV)(G)(i) of the Listing Agreement								
Name of the Director	Dr. Christopher M. Cimarusti	Mr. D. Saharsh Rao	Dr. Nirmala Murthy					
Date of first appointment	20.10.2009	21.05.2009	08.05.2015					
Date of Birth / Age	15.10.1943	07.08.1979	24.06.1946					
Expertise in specific functional areas	Drug discovery, development and manufacturing	Information Technology and Marketing	Health Information Systems					
Educational Qualifications	Ph.D. in Organic Chemistry and Postdoctoral Research from Columbia University, USA	B.E Masters in MIS from Weatherhead School of Management, Cleaveland, OH. MBA from University of North Carolina, USA	Masters degree in Statistics from Bombay University, and Doctorate from the Harvard School of Public Health, USA					
Chairman/Member of the Committee of the Board of Directors of the Company	None	CSR Committee – Member Finance Committee - Member	None					
List of directorships, Committee Chairmanship and membership held in other companies as on May 8, 2015	None	Neuland Health Sciences Pvt Ltd – Director CATO Research Neuland India Pvt Ltd - Director Neuland Pharma Research Pvt Ltd - Director	None					
Number of shares held in the Company as on May 8, 2015	Nil	116	Nil					



(CIN: L85195TG1984PLC004393)

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

ATTENDANCE SLIP FOR ANNUAL GENERAL MEETING

(to be surrendered at the venue of the meeting)

I certify that I am a registered shareholder/proxy/representative for the registered shareholder(s) of Neuland Laboratories Limited.

I hereby record my presence at the Thirty first Annual General Meeting of the shareholders of Neuland Laboratories Limited at the Grand Ball Room, Taj Krishna, Road No. 1, Banjara Hills, Hyderabad at 2.30 p.m. on Friday, the 14th day of August, 2015.

DP ID*	Reg. Folio No.
Client ID*	No. of Shares
* Applicable if shares are held in electronic for	m
Name & Address of Member	
	Signature of Shareholder/Proxy/ Representative(Please Specify)



(CIN: L85195TG1984PLC004393)

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

Form No. MGT-11 **Proxy form**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

L85195TG1984PLC004393

Nam	e of the company :	Neuland Laboratories	Limited			
Registered office : Sanali Info park, 'A' Bloc		ck, Ground floor, 8	-2-120/113	, Road No.2,		
		d-34.				
Nam	e of the member(s)	:				
Regis	tered Address :					
Emai	l ld :					
Folio	No / Client ID :		DP ID :			
I /We	, being the member	(s) of shares	of the above name	d company	, hereby appoint	
1.	Name					
	Address					
	E-mail Id			Signature		
	or failing him			Signature		
2.	Name					
	Address					
	E-mail Id			Signature		
	or failing him			Signature		
3.	Name					
	Address					
	E-mail Id			Signature		
	or failing him			Signature		
Com	pany, to be held on I	Friday, the 14 $^{ m th}$ day of Aug	ust, 2015 at 2.30 p	o.m at the C	at the 31 st Annual General l Grand Ball Room, Taj Krishn such resolutions as are ind	a, Road No. 1,
Resc	lutions					
1.	Adoption of Audited	Financial statements for the	year ended March	31, 2015, Re	ports of the Board of Directo	rs and Auditors
2.	Declaration of divide	end on equity shares for the	financial year 2014	ŀ-15		
3.	Re-appointment of D	Dr. Christopher M Cimarusti,	, who retires by rota	ation		
4.	Ratification of the a remuneration	ppointment of Walker Cha	andiok & Co LLP, as	Statutory	Auditors of the Company a	ind fixing their
5.	Appointment of Dr. I	Nirmala Murthy as an Indep	endent Director			
6.	Re-appointment of N	⁄Ir. Davuluri Saharsh Rao, as	Whole Time Direct	or & Preside	nt of the Company for a ter	m of five years
7.	Approval of remuner	ration of the Cost Auditors				
Signe	ed this day	of 2015.				Affix Revenue
		:	Signature of Proxy holder(s) : stamp			
Note:			. dodo za modaka d	alamanika. U	tale Designational Office Col. C	
1.	inis form of proxy in o	pruer to be effective should be	e duly completed and	ueposited at	t the Registered Office of the C	ompany, not less

- than 48 hours before the commencement of the Meeting.
- A person can act as proxy on behalf of members not exceeding fi fty (50) and holding in the aggregate not more than 10% of the total 2. share capital of the Company. A member holding more than 10%, of the total share capital of the Company carrying voting rights may appoint a single person as a proxy. However, such person shall not act as proxy for any other shareholders.



(CIN: L85195TG1984PLC004393)

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

BALLOT FORM

(In lieu of E-voting)

31st Annual General Meeting - August 14, 2015

SI. No	Particulars	Details
1.	Name of the shareholder	
2.	Registered address	
3.	Registered Folio/DPID & Client ID No.	
4.	No. of Shares held	

I/We hereby exercise my/our vote in respect of the Resolution(s) to be passed for the business stated in the Notice of 31st Annual general meeting of the Company scheduled on Friday, August 14, 2015, by conveying my/our assent or dissent to the said Resolution(s) by placing the tick (") mark at the appropriate box below.

Item no.	Description	No. of equity shares	I / We assent to the resolution (For)	I / We dissent to the resolution (Against)	Abstain
1.	Adoption of Audited Financial statements for the year ended March 31, 2015, Reports of the Board of Directors and Auditors				
2.	Declaration of dividend on equity shares for the financial year 2014-15				
3.	Re-appointment of Dr. Christopher M Cimarusti, who retires by rotation				
4.	Ratification of the appointment of Walker Chandiok & Co LLP, as Statutory Auditors of the Company and fixing their remuneration				
5.	Appointment of Dr. Nirmala Murthy as an Independent Director				
6.	Re-appointment of Mr. Davuluri Saharsh Rao, as Whole Time Director & President of the Company for a term of five years				
7.	Approval of remuneration of the Cost Auditors				

7.	Approval of remuneration of the Cost Auditors				
Place :					
Date :					
NOTE:	Kindly read the instructions printed overleaf before	filling the fo	orm.	Signature of	Shareholder

INSTRUCTIONS

- Members may fill up the ballot form printed overleaf and submit the same in a sealed envelope to the Scrutinizer, Mr. D. Hanumanta Raju, Practing Company Secretary, Unit: Neuland Laboratories Ltd., C/o. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500032 or to the email id einward.ris@karvy.com, so as to reach by 5.00 p.m. on August 13, 2015. Ballot form received thereafter will strictly be treated as if not received.
- 2. It is optional to indicate your preference. If you leave the for, against, or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she deem appropriate.
- 3. The Company will not be responsible if the envelope containing the ballot form is lost in transit.
- 4. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the scrutinizer on the validity of the forms will be final.
- 5. In the event member casts his votes through both the processes i.e. e-voting and ballot form, the votes in the electronic system would be considered and the ballot form would be ignored.
- 6. The right of voting by ballot form shall not be exercised by a proxy.
- 7. To avoid fraudulent transactions, the identity/signature of the members holding shares in electronic / demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per the records of the share transfer agent of the Company (i.e. Karvy Computershare Private Limited). Members are requested to keep the same updated.
- 8. There will be only one ballot form for every Folio/DP ID Client ID irrespective of the number of joint holders.
- 9. In case of joint holders, the ballot form should be signed by the first named member and in his/her absence by the next named member. Ballot form signed by a joint holder shall be treated valid if signed as per records available with the Company and the Company shall not entertain any objection on such ballot form from other joint holders.
- 10. Where the ballot form has been signed by an authorized representative of the body corporate/trust/society, etc. a certified copy of the relevant authorisation/board resolution to vote should accompany the ballot form.
- 11. Instructions for e-voting procedure are available in the Notice of AGM which is also placed on the website of the Company.

Shareholders who wish to use e-voting should follow the steps for e-voting procedures given in the Notice of AGM or by logging on to – https://evoting.karvy.com

FORM B (Clause 31 (a) of Listing Agreement)

Covering letter of the annual audit report for filing with the stock exchanges

1.		Neuland Laboratories Limited
2.	Annual financial	
	statements for theyear	31 March 2015
	ended Tupo of Audit qualification	Ouglified Opinion
3.	Type of Audit qualification	Qualified Opinion
		The report of the Statutory Auditors contains the following
	Section 1	qualification on the Standalone Financial Statements for
		year ended 31 March 2015
		As stated in note 4 to the standalone financial statements, during the year ended 31 March 2015, the Company recognized revenues from sale of goods amounting to ₹290.53 lakhs based on management's assessment of transfer of significant risks and rewards of ownership to the customers. However, in our opinion, such recognition does not meet the conditions enunciated under the Accounting Standard (AS) 9 on "Revenue Recognition" notified under the Companies (Accounting Standards) Rules, 2006. Had the Company followed the principles of AS 9, revenue from operations, profit before tax and tax expense for the year ended 31 March 2015 would have been lower by ₹290.53 lakhs, ₹130.54 lakhs and ₹44.37 lakhs respectively. Further, the trade receivables, current liabilities and reserves and surplus as at 31 March 2015 would have been lower by ₹290.53 lakhs, ₹144.39 lakhs and ₹86.17 lakhs and the inventories as at that date would have been higher by ₹59.97 lakhs.
		The report of the Statutory Auditors contains the following qualification on the Consolidated Financial Statements for year ended 31 March 2015
		As stated in note 4 to the consolidated financial statements, during the year ended 31 March 2015, the Company recognized revenues from sale of goods amounting to ₹290.53 lakhs based on management's assessment of transfer of significant risks and rewards of ownership to the customers. However, in our opinion, such recognition does not meet the conditions enunciated under the Accounting Standard (AS) 9 on "Revenue Recognition" notified under the Companies (Accounting Standards) Rules, 2006. Had the Company followed the principles of AS 9, revenue from operations, profit before tax and tax expense for the year ended 31 March 2015 would have been lower by ₹290.53 lakhs, ₹130.54 lakhs and ₹44.37 lakhs respectively. Further, the trade receivables, current liabilities and reserves and surplus as at 31 March 2015 would have been lower by ₹290.53 lakhs, ₹144.39 lakhs and ₹86.17 lakhs and the inventories as at that date would have been higher by ₹59.97 lakhs.
	Frequency of qualification	First time in the Annual Audit Report
5.	Draw attention to relevant	Relevant notes in the annual financial statements:
	notes in the annual	During the year ended 31 March 2015 the Company had
	financial statements	recognized revenues aggregating to ₹3,837.43 lakhs under the

FORM B (Clause 31 (a) of Listing Agreement)

Covering letter of the annual audit report for filing with the stock exchanges

	andmanagement response to thequalification in the directors report:	"Bill and Hold" basis. Of the aforesaid amount, goods amounting to ₹1,196.31 lakhs were shipped to the customers before the year end. In respect of revenues aggregating to ₹290.53 lakhs, the revenue has been recognised based on management's assessment of implicit compliance with the Bill and Hold criteria as stated under Accounting Standard (AS) 9 "Revenue Recognition" as notified under the Companies (Accounting Standards) Rules, 2006. Management response as included in the Director's Report: Explanation on the qualification in the audit report is
		provided in Note No.4 to the financial statements. In particular, as stated in Note No.4, revenue was recognized based on implicit understanding of compliance with the Bill and Hold criteria in accordance with the terms of the contract.
6.	Additional comments from	The director's report on the auditor's qualification,
	the board/audit committee chair:	sufficiently explains the management response and hence no additional comments are required.
7.	To be signed by-	
	Chairman & Managing Director	For Neuland Laboratories Limited OR Robert Strand
		Chairman & Managing Director
	Chief Financial Officer	For Neuland Laboratories Limited N.S. Viswanathan Chief Financial Officer
	Auditor of the company	For Walker Chandiok & Co LLP Chartered Accountants Firm Registration No.: 001076N / N500013 per Sanjay Kumar Jain Partner Membership No.: 207660
	Audit Committee Chairman	For Neuland Laboratories Limited www.Cog P.V.Maiya Director





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Caution regarding forward-looking statements

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expect', 'project', 'intend', 'plan', 'believe' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise

OUR NEW LAND OF OPPORTUNITIES



AT NEULAND LABORATORIES, OUR THREE-DECADE-LONG BUSINESS JOURNEY HAS REACHED A VERY INTERESTING JUNCTURE.

Having made our first API sale in 1986, we have come a long way to emerge as a pure-play API manufacturer of global repute. Today, we have close to 40 commercial products being sold to around 450 generic and innovator companies in 70 countries primarily in the highly regulated markets of Europe, North America and Japan. Our longest customer relation is as old as our API business. Having consciously chosen and practiced the pure-play API business all through, we have earned unmatched trust and confidence from our customers. Our consistency in maintaining the quality and complying with regulatory requirements reflects in the fact that we have passed all regulatory audits since our first USFDA audit in 1997.

While we have enough reasons to be happy and content with the successful business journey of last 31 years, we are steadfast on unlocking the tremendous underlying value of our business. In order to realize this potential, we have been implementing a strategic shift in our business over recent years. Having completed the structural reorientation of our business to a great extent in the fiscal year 2014-15, we are geared up for the next level.

We are entering the fiscal year 2015-16 with renewed energies. Our multiple growth drivers – margin accretive portfolio namely high value APIs and contract manufacturing, and volume accretive mainstream products – would steadily come into full force over coming years. Leveraging these fruits of sustained efforts, at Neuland Laboratories, we are entering into **Our Neu-land of Opportunities**.

FINANCIAL PERFORMANCE

10 YEARS TRACK RECORD										(₹ in Lacs
STATEMENT OF PROFIT AND LOSS	FY15	FY14	FY13	FY12	FY11	FY10	FY09	FY08	FY07	FY06
Income	46,993	46,911	46,390	44,993	39,926	28,266	31,726	22,305	20,614	16,394
EBIDTA	6,715	7,371	6,145	4,835	4,994	2,808	3,614	2,608	2,284	2,073
Finance Costs	2,735	2,455	3,133	3,327	2,984	2,567	1,436	993	754	602
Profit Before Taxes^	2,448	3,422	1,549	18	470	(1,116)	1,441	1,067	998	869
Profit After Taxes	1,578	2,667	1,364	203	507	(704)	1,179	1,135	904	624
Earning Per Share of ₹10	18.47	32.16*	17.84	3.36	9.39	(13.05)	21.85	21.04	16.75	11.43
Dividend Per Share of ₹10	1.50	3.00	1.20	-	-	-	3.50	2.50	2.50	2.00
Before Prior Period and Exceptional Ite	ms * Adj	usted for b	onus elem	ent of right	s issue in a	ccordance	with the p	rovisions o	f AS 20	
										(₹ in Lacs
BALANCE SHEET	FY15	FY14	FY13	FY12	FY11	FY10	FY09	FY08	FY07	FY06
Share Capital	895	773	772	547	547	547	547	547	547	547
Reserves & Surplus	15,087	11,487	9,086	6,964	6,766	6,295	7,033	6,321	5,421	4,684
Loan Funds	18,776	19,010	21,333	22,007	23,374	23,318	20,032	13,409	7,798	4,117
Term Loans	2,884	2,495	5,180	8,678	9,871	12,392	12,524	7,993	4,649	1,821
Working Capital	14,580	13,662	12,947	12,678	12,982	10,744	7,377	5,322	3,016	2,185
Others	1,312	2,853	3,206	651	522	182	131	94	133	111
Deferred Tax Liability (net)	1,225	1,026	271	(185)	-	-	414	278	396	314
Total	35,983	32,296	31,462	29,333	30,687	30,160	28,026	20,555	14,162	9,662
Fixed Assets	16,454	16,542	17,121	17,844	18,556	19,298	18,332	11,937	6,588	4,221
Investments	767	764	764	767	767	727	727	727	727	727
Net Assets (Current and Non-current)	18,762	14,990	13,576	10,722	11,364	10,134	8,967	7,891	6,847	4,714
Total	35,983	32,296	31,462	29,333	30,687	30,160	28,026	20,555	14,162	9,662
										(3. 1
KEY RATIOS	FY15	FY14	FY13	FY12	FY11	FY10	FY09	FY08	FY07	(₹ in Lacs
EBITA as % of Income	14.29	15.71	13.25	10.75	12.51	9.93	11.39	11.69	11.08	12.65
Fixed Assets Turnover (No. of Times)	2.86	2.84	2.71	2.52	2.15	1.46	1.73	1.87	3.13	3.88
PBT^ / Income (%)	5.21	7.30	3.34	0.04	1.18	(3.95)	4.54	4.78	4.84	5.30
PAT / Income (%)	3.36	5.68	2.94	0.45	1.27	(2.49)	3.72	5.09	4.38	3.80
Return on Capital Employed (%)	14.40	18.20	14.88	11.41	11.25	4.81	10.27	10.02	12.37	15.22
Return on Net worth (%)	9.87	21.75	13.83	2.71	6.93	(10.30)	15.55	16.53	15.14	11.92
Debt* to Equity	0.18	0.20	0.53	1.16	1.35	1.81	1.65	1.16	0.78	0.35
Interest Coverage	1.90	2.39	1.49	1.01	1.16	0.57	2.00	2.07	2.32	2.44
Before Prior Period and Exceptional Ite	ms *Terr	n loans								
	EV4.5	EV4.4	EV42	EV4.0	EV/4.4	EV/4.0	F)/00	EV/00	EV/07	(₹ in Lacs
OTHERS	FY15	FY14	FY13	FY12	FY11	FY10	FY09	FY08	FY07	FY06
Neuland Share Price on BSE (₹ per Share of ₹ 10)*	333.00	260.00	93.85	72.90	117.85	100.85	91.05	154.80	169.85	121.50
Market Capitalisation (₹ in Lacs)	29,581	19,905	7,175	3,934	6,360	5,442	4,913	8,354	9,166	6,557

Book Value (₹ per Share of ₹ 10)

179.92

160.14

128.95

139.17

135.51

126.77

140.46

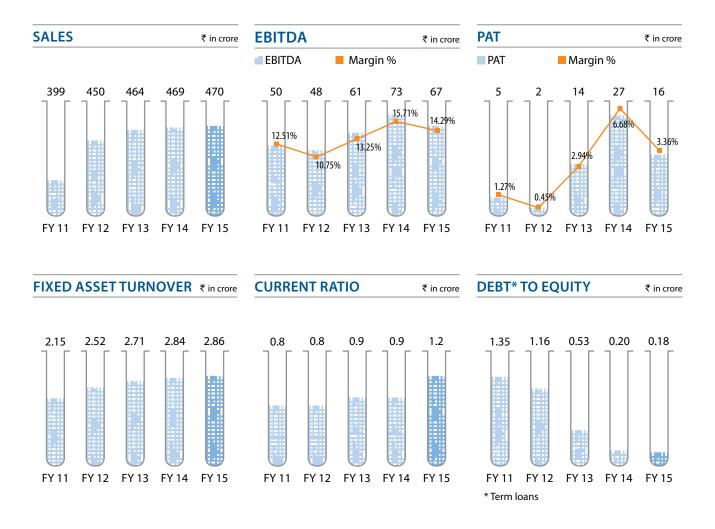
127.26

110.59

96.93



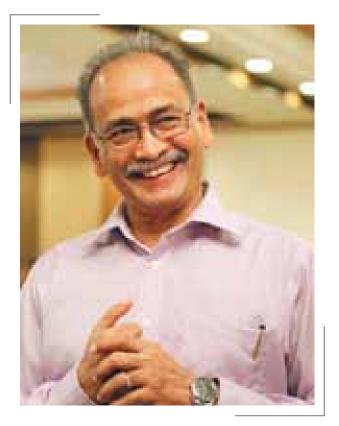
FINANCIAL HIGHLIGHTS



Key accomplishments

- Commissioned a new block to manufacture APIs in collaboration with APIC (A subsidiary of Mitsubishi Chemicals, Japan)
- Bagged 'CMO Leadership Award 2015' under quality category from Life Science Leader magazine
- Refreshed corporate positioning with adoption of the new Brand Identity including the corporate logo, vision and values
- Successful execution of audits from leading agencies like USFDA, ANVISA, KFDA (South Korea) and COFEPRIS (Mexico)
- Added close to 46 new customers in our end markets
- Scaled up over 8 molecules for our product basket
- Completed Rights Issue of ₹ 25 crore

CHAIRMAN'S MESSAGE



At a time when many of the API players are venturing into some form or scale of formulations while other pharmaceuticals players are adding APIs into their folds, we have continued to stay as one of the few pure-play API manufacturers.

Dear Shareholders,

Fiscal 2015 was a dif cult year for us after the highs of the previous fiscal. The revenues were muted in terms of growth and the year was also challenging specifically in Q3 when we had a slowdown in manufacturing activity as a result of a renovation. Nonetheless, we made significant advancements in terms of operational issues which we believe sets us up well for the next year. We are moving up the value scale in the APIs we manufacture. While we continue to strengthen our position in old high volume APIs, we also have a firm commitment to strategically shift our revenue inflows to relatively high margin complex molecules. And we are definitely seeing positive momentum in this regard.

During the year, we successfully commissioned a new block to manufacture APIs in collaboration with APIC (A subsidiary of Mitsubishi Chemicals, Japan). We foresee a potential opportunity in Japan and this collaboration paves way for our strong foothold in this market. We also scaled up over 8 molecules to make our product basket stronger and one of our molecules has also been granted process patent by USPTO. I am also pleased to inform that we have manufactured a Decapeptide as well as a Deuterated API during the year. These are niche capabilities that reflect significant elements in our repertoire of technical expertise.

Besides scaling up a number of new products, our research team continued to deploy its skills to optimize costs of our older generic APIs as part of its lifecycle management. We had successful regulatory audits in this fiscal including inspection from USFDA (US), COFEPRIS (Mexico), ANVISA (Brazil) and KFDA (South Korea). Lastly, we also received the 2015 CMO leadership Award from Life Science Leader magazine in the Quality category. This again reflects our leadership in the quality space, when it comes to API manufacturing.

During the year under review, a valued member of our Board, Mr GVK Rama Rao retired after a long association of thirty years. On behalf of the Company's Board, management and staff, I thank him immensely for his guidance and valuable contributions.

Our outlook on the pharmaceutical business maintains that APIs remain a crucial constituent of the pharmaceutical value chain,











both for supporting the innovators and also the generic formulation players to augment their invention and production capabilities. We have chosen to stay focused in establishing ourselves as a pure play API manufacturer. At a time when many of the API players are venturing into some form or scale of formulations while other pharmaceuticals players are adding APIs into their folds, we have continued to stay as one of the few pure-play API manufacturers.

We started on a journey of business reorganization some three years back and today we mark the completion of majority of actions in this regard. The high points of this phase saw improving on margins from the historical levels, augmenting our research and development capabilities, widening our customer base, operationalization of the joint business with Mitsubishi Chemicals, strengthening of our balance sheet and sharpening of our operational prowess including manufacturing. On the softer side, we also revamped our brand identity by infusing freshness in our logo, corporate positioning, vision and values.

Going forward, the outlook for the industry remains positive on the back of IMS health's forecast of \$ 1.3 trillion pharma sales in the next five years. I believe we are well poised to unfold our strategy and grow with the pace of the pharmaceutical industry. Our existing portfolio of products has tremendous potential which will form the basis for future growth. Further, promising baskets of complex high-margin APIs have been developed to bring sustainability and add value to our stakeholders.

I take this opportunity to thank our customers, partners, suppliers, regulatory agencies, lenders and shareholders for their continued trust and support. I also acknowledge the commitment, passion and hard work that our management and staff members have been putting in making Neuland reach a position of competitive strength. We will continue to build a stronger Neuland and a healthier world!

With best regards,

Dr D.R. Rao

Chairman & Managing Director

INTERVIEW WITH CEO



Mr. Davuluri Sucheth Rao, CEO

Today we have a strong product basket comprising of high value high margin APIs, a focused CMS business portfolio and other generic high volume APIs.

• How has been the progress in FY15?

A FY 15 has been an important year for the Company. During the last couple of years, we devised our strategy to effect business reorganization. I am happy to communicate that we have come a long way in that direction and we are confident to translate our goals into reality.

From a financial perspective, we successfully concluded our rights issue which helped us in deleveraging our Balance sheet. We registered a topline of ₹ 46,993 lacs which is muted over the previous year. Our EBITDA margins persisted at 14.40% with Profit after Tax at ₹ 1,578 lacs. One of the key reasons of the flat growth this year was the facility renovation activity that we undertook in one of our units in the third quarter of FY15. This caused a dip in the output during the quarter and the same was also reflected in the sales as well as earnings for financial year. We also

witnessed a series of regulatory audits during the financial year, while we successfully cleared all of them, the auditing process led to a changed production schedule and manufacturing of specific products as per the requirement of regulators during the course of audit.

As far as operations are concerned, we stepped up our efforts in streamlining our business. We believe the Company has ef ciently de-risked itself by diversifying our revenue streams. Today we have a strong product basket comprising of high value high margin APIs, a focused CMS business portfolio and other generic high volume APIs. We further built our quality legacy with successful execution of audits from leading agencies like USFDA, ANVISA, KFDA (South Korea) and COFEPRIS (Mexico). We have added about 46 new customers in our end markets and developed 8 new products making our basket stronger with over 70 products.

OUR NEW LAND OF OPPORTUNITIES () () () () ()









Neuland in FY13, entered into an exclusive deal with API Corporation, the Tokyo based Group Company of Mitsubishi Chemical Holding Enterprise. We have commissioned a new manufacturing facility which is constructed as part of our collaboration. We expect to utilize the facility at close to optimal level during the coming fiscal year.

We have put our collective efforts into various aspects of the business this year, whether it is production, quality, R&D or business development and we feel confident about the growth trajectory that we have set for the company for the foreseeable future.

Can you give insights on progress made across different priorities set during the previous fiscal?

- A The Company had outlined four key initiatives as part of our effort to streamlining our operations and making us future ready. I am happy to state that we have made significant progress in each of these focus areas as outlined below:
- Building on our inherent strengths by enhancing our

During the course of FY15, we consolidated our position in the core API business and increased sales from the high margin APIs. While the overall sales growth remained flat, we significantly improved our revenue contribution from the new line of products. Today we have about eight products having more than 20% global market share and of which four products have a robust >40% share in the market. Today, Neuland is a significant API player in over 30 products across different territories. Besides, our API business, our CMS portfolio made noteworthy growth across different stages.

Cost optimization and operational efficiencies.

We have constantly invested in reducing costs, increasing capacity and improving the overall product quality. The result of our efforts could also be seen at the raw material level where we have managed to contain cost despite the depreciating currency and increasing price of key input material. To augment our capacities and improve ef ciencies, we advanced a scheduled maintenance exercise from FY 16 to the third quarter of the year. This has been successful in terms of boosting the overall available capacity and product yields.

Today we have about eight products having more than 20% global market share and of which four products have a robust >40% share in the market.

Align focus in CMS Business

We successfully managed to scale up our activities for the custom manufacturing solutions in respect of APIs. While they contributed to the top line, we have non-exclusive agreements for manufacture of products with leading generic and innovator companies across Europe, US and Japan.

Intensify our focus on R&D and new product launches

Besides the grant of patent as mentioned earlier, we added 8 new products to our basket. The total number of products under different stages of development now account to 15. Our goal is to add about 10 to 15 APIs every year and we will continuously focus on lifecycle management and cost reduction as to maintain our leadership position in the products we operate into.

- What were the challenges that you faced during the last year?
- One of the key factors that all pharmaceutical businesses are thoughtful about is the increased oversight from the regulators with respect to cGMP compliance. While it could be a potential challenge for any company, but it also has a potential upside to a company like Neuland which operates in a highly compliant manner and has built a reputation of being quality conscious. FY 15 was unprecedented with many such regulatory audits that required allocation of a lot of resources and man-hours. Given our proclivity to stringent quality standards and processes, we also had a facility renovation activity in Q3 ahead of time that resulted in re-prioritization of business. We do not really foresee any such event in the near term future and are confident that the business is capable of exhibiting a consistent growth.

In the medium to long term, we intend to build a portfolio of over 125 products with 150+ patents filed for our non-infringing processes to ensure leadership in the API industry driven by innovation.

• How do you see Neuland's strategy unfolding in the coming years?

A Our strategy is to continue focus on niche APIs, growing its CMS business and maintain a dominant position as a pure play API manufacturer. Our core focus has been to optimize our product mix from a high volume intensive to "high value" focused. While at one point our EBITDA margins were in the low teens, they have moved upto 14-15% levels. Over the longer run, we hope to reach an EBITDA margin in the proximity of about 18- 20% based on the following levers coming into play.

Grow Horizontally

We will continue to strengthen our positioning as a pure play API manufacturer and a preferred API source worldwide. We may look forward to enhance our manufacturing capacity in the medium term to sustain high growth both in APIs and CMS. We will continue to deploy our resources to improve product of ciencies as well as capacity debottlenecking.

Expand Geographically

We will build upon the platform we have created for high margin regulated markets such as Japan and growth markets like Asia Pacific, Middle East, North Africa and Latin America. Our continued focus is to expand the product basket and market reach to have a dominant position by FY18.

Business Mix

We will focus on high margin, niche and complex APIs belonging to therapies such as anti-psychotic, anti-asthmatic amongst others. We will concentrate on the current business and acquire new business for increasing contribution of margin accretive Custom Manufacturing Solutions (CMS).

Intellectual Wealth

In the medium to long term, we intend to build a portfolio of over 125 products with 150+ patents filed for our non-infringing processes to ensure leadership in the API industry driven by innovation.

What is Neuland's strategy for being a pure play API Company?

A Across the Globe, there are not too many independent pure play API companies that are in existence today. Most of the API companies either have a strategic partner or a strategic investment in finished dosage business. This brings them to direct conflict of interest with their customers. So our core strategy is to focus on APIs and be a dominant independent API source.

We want to stay rooted as an API player with strong base in research, new product development, cost ef ciencies, regulatory compliance and quality. We believe doing this will make us a trustworthy and a long term preferred partner to our customers. If a customer can completely rely on us, there is no limit to the potential the API business has.

What makes you confident about Neuland's efforts towards creating value for its stakeholders?

Neuland in its 31 years has journeyed a long way from being a single product API company to become a leading player with around 75 products and close to 500 customers. It has created a robust enterprise which is capable to withstand the usual business challenges. While we have reasons to be happy, we also believe that there is a lot of potential to be realized in the years to come. I strongly believe in Neuland, our people, products, customers, vendors, lenders and other stakeholders who have played a key role in building the organization that we are today. We are in a strong position to be a profitable, sustainable business which will out-last its competitors in the API space. We are committed to add value to our stakeholders.

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CORPORATE INFORMATION

Board of Directors

Dr. D. Rama Mohan Rao

Chairman & Managing Director

Mr. D. Sucheth Rao

Whole-time Director and Chief Executive officer

Mr. D. Saharsh Rao

Whole-time Director and President

Mr. Humayun Dhanrajgir

Independent Director

Mr. Parampally Vasudeva Maiya

Independent Director

Dr. William Gordon Mitchell

Independent Director

Dr. Christopher M. Cimarusti

Non Executive Director

Mrs. Bharati Rao

Independent Director (Appointed w.e.f. from May 9, 2014)

Mr. Shashi Bhushan Budhiraja

Independent Director

(Ceased w.e.f. from May 9, 2014)

Mr. G.V.K. Rama Rao

Non Executive Director

(Ceased w.e.f. from August 1, 2014)

Mr. Nadeem Panjetan

Nominee Director

(Ceased w.e.f. from December 8, 2014)

Dr. Nirmala Murthy

Director

(Appointed w.e.f. from May 8, 2015)

Mr. N.S. Viswanathan

Chief Financial Officer

(Ceased w.e.f. from May 8, 2015)

Mr. Anil Kumar

Chief Financial Officer

(Appointed w.e.f. from May 8, 2015)

Ms. Sarada Bhamidipati

Company Secretary & Compliance officer

Audit Committee

Mr. Parampally Vasudeva Maiya

Mr. Humayun Dhanrajgir

Mr. Shashi Bhushan Budhiraja

(Cessation w.e.f. from May 9, 2014)

Mr. Nadeem Panjetan

(Ceased w.e.f. from December 8, 2014)

Mr. D. Sucheth Rao

Mrs. Bharati Rao

(Appointed w.e.f. from May 9, 2014)

Nomination and **Remuneration Committee**

Mr. Parampally Vasudeva Maiya

Mr. Humayun Dhanrajgir

Mr. Shashi Bhushan Budhiraja

(Cessation w.e.f. from May 9, 2014)

Mrs. Bharati Rao

(Appointed w.e.f. from May 9, 2014)

Statutory Auditors

Walker Chandiok & Co LLP

Chartered Accountants 7th Floor, Block III, White House Kundan Bagh, Begumpet,

Hyderabad 500 016

Bankers

Export Import Bank of India, Hyderabad

State Bank of India, Overseas Branch, Jubilee Hills, Hyderabad

Bank Of India, Mid Corporate Branch, Hyderabad

Indian Overseas Bank, Basheerbagh Branch, Hyderabad

Kotak Mahindra Bank, Hyderabad

Ratnakar Bank, Hyderabad

Stakeholders Relationship Committee

Mr. Parampally Vasudeva Maiya

Dr. Davuluri Rama Mohan Rao

Mr. D. Sucheth Rao

Registered Office

Sanali Info Park, 'A' Block, Ground floor, 8-2-120/113, Road No. 2, Banajara Hills, Hyderabad - 500 034

Listing

BSE Limited (BSE)

National Stock Exchange of India Limited (NSE)

Internal Auditors

M/s Ernst & Young LLP

7th Floor, Block III,

The Oval Of ce, 18 I-Labs Center, Madhapur, Hyderabad - 500081

Secretarial Auditors

M/s P.S. Rao & Associates

Flat No.10, 4th Floor, D.No. 6-3-347/22/2, Ishwarya Nilayam, Opp. Saibaba Temple, Dwarakapuri Colony,

Punjagutta, Hyderabad 500082

Registrar and Share Transfer Agents

Karvy Computershare Private Limited

Karvy Selenium Tower B, Plot No 31 & 32 Financial District, Nanakramguda, Serilingampally Mandal

Hyderabad – 500 032

BOARD OF DIRECTORS



Dr. Davuluri Rama Mohan Rao (DIN: 00107737), Chairman and Managing Director, is the Chief Promoter of Neuland. He has a Masters in Science from Andhra University, Post Graduate Diploma in Technology from IIT Kharagpur and a PhD in Organic Chemistry from the University of Notre Dame, U.S.A. Prior to

promoting Neuland in 1984, he had held senior positions in R&D, production and quality assurance at Glaxo India for about ten years and was Director, R&D and QA at Unique Chemicals, Mumbai. He is a member of Royal Society of Chemistry.



Mr. Davuluri Sucheth Rao (DIN: 00108880), Whole-time Director and Chief Executive Of cer, is a Mechanical Engineer by profession and has a MBA in Corporate Finance and Operations Management from University of Notre Dame, USA. He was Production Group Leader in Cummins Inc., USA and later

went on to become a green belt in Six Sigma. His background primarily consists of exposure to various fields of business such as marketing, finance, manufacturing, operations and information technology.



Mr. Davuluri Saharsh Rao (DIN: 02753145), Whole-time Director and President-Contract Research, is an Engineering Graduate and obtained his Masters in MIS from Weather head School of Management, Cleveland, Ohio, USA. He also secured Master of Business Administration from University

of North Carolina, USA. He had worked with Sify Limited for a period close to 3 years.



Mr. Humayun Dhanrajgir (DIN: 00004006), is an Independent Director of our Company. He is a B. Tech. (ChemEng), Loughborough, M.I., CHEM. E, UK, C-Eng(Lond), AMP (Harvard) by qualification. He has an experience of over 45 years in the pharmaceutical industry. He has held several senior positions

in Glaxo India Ltd, including being the Managing Director and Executive Vice-Chairman and later Managing Director of Kodak India Limited. He is a past President of the Organization of Pharmaceutical Producers of India (OPPI) in the early 90s. Mr. Dhanrajgir is also a Trustee of Breach Candy Hospital Trust, Mumbai and Lintas Employees Welfare Trusts. He is on the Advisory Board of the United States Pharmacopeia (India). He is a member of the Global Advisory Board of Asian Center for Corporate Governance and Sustainability. He also serves on a few Boards of public companies notably Cadila Healthcare Ltd., Zydus Wellness Ltd, HDFC Asset Management Company Ltd., Emcure Pharmaceuticals Ltd. (Chairman), Next Gen Publishing Co. Ltd. (Chairman). Mr. Dhanrajgir is active in sports and plays golf regularly.



Mr. Parampally Vasudeva Maiya (DIN: 00195847), is an Independent Director of our Company. He is a Master of Arts by qualification. He had a career of 32 years with the SBI, where he was a General Manager. He was deputed as the Executive Director of SCICI between 1991 and 1993 and moved to become the Managing Director to set up

the ICICI Bank in 1994. He retired as Chairman and CEO of the bank in 1998 post which he was appointed Managing Director of Central Depository Services (India) Limited, which he set up till December 1999. During 2001-04, he was a Director on the Board of Indian Bank as a nominee of Government of India and around the same period he was also a Chairman of the Board of Trustees of Canbank Mutual Fund. He was Director on the Board of Canara Bank from 2007-13 where he was elected as shareholder Director. Presently Mr. Maiya is an independent director in Brigade Enterprises Limited, Ocean Sparkle Limited and BCV Developers Private Limited. Mr. Maiya is a Trustee of Brigade Foundation.

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Dr. Christopher M. Cimarusti (DIN: 02872948), is a Executive Director of OUR Company. He has completed his PhD in Organic Chemistry from Purdue University, USA and his Postdoctoral Research from Columbia University, USA. He has more than 40 years of experience in the field of drug

discovery, development and manufacturing. He was awarded more than 60 patents and published more than 40 papers in referred journals.



Dr.William Gordon Mitchell 02222567). is Independent Director of our Company. He completed his PhD from the School of Business Administration of the University of California, Berkeley. He is presently J. Rex Fuqua Professor of International Management, Fuqua School of Business, Duke

University, Durham, NC, USA. Prior to joining Duke University, he was Professor of Corporate Strategy and International Business at University of Michigan, USA. He is on the editorial board of several management journals. His teaching and research interests include corporate strategy, alliance strategy and dynamics of the health care industry.



Bharati Rao (DIN: 01892516), is an Independent Director of our Company. Mrs Rao has over 40 years of experience in the banking and financial sector, having joined State Bank of India, in 1972. Since then she has held both domestic and international positions and titles, covering areas such as

project finance, credit and risk management, development of foreign of ces, human resources and mergers and acquisitions. She has represented SBI on the boards of various companies and financial institutions as a nominee director and also served as an advisor for Mergers and Acquisitions. Mrs. Rao is presently a nominee director on the boards of SBICAP Ventures Limited, SBICAP Securities Limited, SBI Global Factors Limited, SBI CAP (UK) Ltd., SBI Capital Markets Limited and Suzlon Energy Limited and director on the board of Vijaya Bank. She is also an advisor to a number of companies and other corporate entities including Brickworks Ratings Company.



Dr. Nirmala Murthy (DIN: 00734866), has been co-opted on the Board as an Additional Director on May 08, 2015. Dr. Murthy is an Honorary President of the Foundation for Research in Health System, a non - government research organization, which she helped create in 1989. She has a Masters degree in Statistics from

Bombay University, India, and a doctorate from the Harvard School of Public Health, Boston, USA. She was a faculty of the Indian Institute of Management, Ahmedabad, in Public Health Management. She is a specialist in Health Information Systems, monitoring &evaluation of Health& Welfare programs. She has designed several management training programs for health care providers working at different levels in the public health system. Currently her work involves using ICTto improve health outcomes among the rural poor. She has published over 50 research papers in journals and books, in the area of her expertise.

MANAGEMENT DISCUSSION & ANALYSIS



US \$ US \$ US \$ 795 Bn 989 Bn 1279-1309 Bn US \$ 290-320 billion

Source: IMS Market Prognosis, September 2014

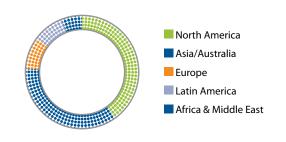
2009-2013

SOURCE OF GROWTH (2013-2018) US\$ 290-320 BILLION

2013

2014-2018

2018



Asia: Includes China, India, Russia, Commonwealth of Independent States (CIS), SE Asia. Oceania and Japan.

The Macro Scenario and global pharma market

After a challenging 2013, the Global GDP growth accounted for 3.4% in 2014, largely driven by meek revival registered by the Advanced Economies which picked up marginally to 1.8% from 1.4% in 2013. The Growth in Emerging Markets and Developing Economies remained relatively less attractive than the earlier year with an overall upsurge of 4.6%. India which centers the focus in developing economies registered a strong 7.4% growth in GDP. Much of the exuberance that is being witnessed in India stems from the strong Parliamentary electoral mandate of 2014. Coupled with positivity, the economic fundamentals of the nation have also improved in recent months, with a moderation in inflation, commencement of the rate easing cycle, improving outlook for current account deficit, commitment to fiscal prudence by Centre & revival of previously stalled development projects.

In the pharmaceutical industry, as demand on medical spending increases, global spending on medicines is estimated to reach US\$ 1.3 Trillion by 2018. The increasing global population in combination with growing ageing population, the pharmaceutical industry world over envisages a positive outlook. The developed markets have traditionally driven the demand for medicines, however increased ageing population clubbed with slower economic growth has compel them to curtailing cost. Pharmerging* markets on the other end have indicated towards growth in medicine spending backed by economic progress, higher incomes and increasing disease burden.

(*) Pharmerging: China, Brazil, Russia, India, Algeria, Argentina, Colombia, Egypt, Indonesia, Mexico, Nigeria, Pakistan, Poland, Romania, Saudi Arabia, South Africa, Thailand, Turkey, Ukraine, Venezuela, Vietnam.

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From an API perspective, the global active pharmaceutical ingredients market is currently valued at approximately US\$ 120 billion and is anticipated to grow at a CAGR of 7% to reach US\$ 180 billion by 2020. North American API market is the largest followed by the Asia Pacific API market. It may be noted that the growth in the Asia Pacific API market is more than the North American API market. The overall growth can be amassed to increased globalization, generic-drug incursion, and the rising importance of emerging markets.

India Pharmaceutical Sector

India is amongst the top global pharmaceutical producers in the world. It ranks amongst the top 5 API producers globally and accounts for over 30% of global production. It is also one of the most preferred suppliers of quality APIs globally largely on optimized manufacturing practices. The Domestic Indian Pharma Market (IPM) has resurrected back on growth trajectory on back of growing healthcare spending, rapid urbanization, increasing chronic diseases and intensifying health insurance penetration. IPM grew about 10% this fiscal as against ~7-8% in the previous year on the backdrop of several regulatory changes. The fiscal saw a growth of 5-6% in the volumes and about 3% growth in the new products with ~1950 new brand launches through the year. From the therapeutic perspective, the demand remained robust in oncology (25-30%), anti-diabetic (18-19%), dermatology (14-15%) and Ophthalmology (10-12%)

In the overseas space, the Indian pharma companies are expected to continue moving up the value chain in drug delivery systems of the developed markets specially the US. As per IMS in 2014, the Indian Share in the US generic market has gone up to 29% from 18% in 2009. The off patent drug space of \$20-25b will be created in US every year and India is well poised for it.

From a CMS perspective, India today is amongst the world's best known low-cost manufacturing centers, with highest number of U.S. Food and Drug Administration (USFDA) approved manufacturing plants outside the US. Indian companies with strong generic portfolios have been successful in gaining a good foothold in the US pharmaceutical market. The experience and reputation gained help Indian companies which are into contract manufacturing services gain immensely from the opportunity and the segment is expected to grow at a CAGR of 17-18% till 2018.

With a long term view, the Indian pharma space is expected to touch \$ 85 bn in 2020. The domestic market is likely to see a significant growth headed by increasing af uence, changing lifestyle resulting in higher incidence of diseases, the government's expenditure on varied health schemes and growing domestic demand.



Company Overview

Neuland Laboratories Limited has completed 31 years as manufacturer of Active Pharmaceutical Ingredients (API). The Company is a preferred and reliable API source for leading pharmaceutical companies worldwide. In addition to proven experience in API manufacturing at varied scales, the Company also provides Custom Manufacturing Solutions (CMS) to develop and manufacture pharmaceutical ingredients and intermediates in line with rigorous expectations.

The Company's key strength includes process development, regulatory knowledge, controlled supply chain and online project management. It caters to diverse therapeutic categories including ophthalmic, schizophrenia, vasodilator, fluoroquinolones, iron-chelator, chronic obstructive pulmonary disease, cardiovascular, central nervous system, anti-invectives, antidepressant, anti-asthmatics, anti-fungal, anti-ulcerants and anti-spasmodics. The Company has around 75 products with 566 DMFs globally to meet customer needs across multiple therapeutic areas.

The Company's integrated and versatile current Good manufacturing practice (cGMP) complying manufacturing facility are TGA, cGMP and WHO GMP approved, ISO 9001:2000, OHSAS and ISMS certified. Further the facilities have clear audit for US FDA (USA), EDQM (COS), PWDA (Japan), KFDA (Korea), Canada, EU and few others.

Business Highlights and Strategy

An important aspect of Neuland's transition strategy has been to make the company proactive towards embracing change. The core of this has been to move the business mix from 'low-value, high-volume mix' to a 'high-value product mix'. The Company

is also diversifying our revenue streams, by continuously expanding its bouquet of API product offerings and expanding the customer base of its contract-manufacturing business.

The Company's combined API bouquet has around 75 APIs, including those scheduled for launch over coming years. From here on, it aims to keep adding 10-12 new products every year. Its comparative strength stems from the set of molecules with established leadership position on one hand and strategy to invest on niche molecules in a CAPEX-light manner on the other. The Company is well on course to enhance its position as a leading 100% non-competing API manufacturer that commands unmatched trust, confidence and premium amongst its customers.

Some of the key highlights of the year are:

- Commissioned the new manufacturing facility of the JB, with API Corporation
- Bagged 'CMO Leadership Award 2015' under quality category from Life Science Leader magazine
- Refreshed corporate positioning with adoption of the new Brand Identity including the corporate logo, vision and values
- Successful execution of audits from leading agencies like USFDA, ANVISA, KFDA (South Korea) and COFEPRIS (Mexico)
- Added close to 45 new customers in our end markets
- · Scaled up over 8 molecules for our product basket
- Completed Rights Issue of ₹25 crore



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Review of Financial Performance

		(₹ in Lacs)
STATEMENT OF PROFIT AND LOSS	FY15	FY14
Income	46,993	46,911
EBIDTA	6,715	7,371
Finance Costs	2,735	2,455
Profit Before Taxes	2,448	3,422
Profit After Taxes	1,578	2,667
Earnings Per Share	18.47	32.16

		(₹ in Lacs)
BALANCE SHEET	FY15	FY14
Share Capital	895	773
Reserves & Surplus	15,087	11,487
Loan Funds	18,776	19,010
Deferred Tax Liability (net)	1,225	1,026
Total	35,983	32,296
Fixed Assets	16,454	16,542
Investments	767	764
Net Assets (Current and Non-current)	18,762	14,990
Total	35,983	32,296

Income

The Company registered a topline of ₹46,993 lacs which is muted over the previous year. One of the key reasons of the flat growth this year was the facility renovation activity that we undertook in one of our units in the third quarter of FY15.

EBITDA

The Company's EBITDA stand at ₹6,715 lacs as against ₹7,371 lacs in the previous year. The impact on EBITDA was largely on account of flat growth clubbed with increased employee benefits, and manufacturing expenses. The increased employee benefit cost is on account of a 14% rise in the head-count.

Net Profit

The profit after tax was registered at ₹1,578 lacs. The decline in PAT accounts for higher tax and higher operating expenses.

Equity Share Capital

The Company's Equity capital increased to ₹895 lacs from ₹773 Lacs, primarily on account of successful right shares issue to existing shareholders.

Reserves and Surplus

The increase in reserves and surplus to ₹15,087 lacs is on account of accruals from profits after distribution of dividend

Loan Funds

The Company reduced its overall loan profile from ₹19,010 lacs to ₹18,776 lacs

Net Assets

Net assets increased from ₹14.990 lacs to ₹18.762 lacs



Risk Management

Risk is intrinsic to any business. It is a general practice for organizations to identify and mitigate such risk at regular intervals. As a manufacturer in Pharmaceutical industry your Company has to follow regulatory norms prevailing in the respective countries where the products are supplied. The Company is exposed to several risks, a few of the most prominent are as follows:

(a) Foreign Currency Risk

A major part of the Company's revenue comes from export sales, thereby, making foreign exchange fluctuation a key risk. However, given the fact that the Company also imports a significant part of its raw material requirement, the same de-risks its operations on this count. The Company runs a risk management plan, which enables the Company to cover its risks by making simple forward covers or options based on expert advice, as per the requirement.

(b) Regulatory Risk

Pharmaceuticals business and that of APIs in particular are governed by strict regulations across key geographies and markets. Any non-adherence in complying with respective guidelines or regulations could impact the Company's business adversely. Compliances to these as well as other statutory obligations are deeply ingrained in the work ethos of the Company. The Company works closely with its global strategic partners and keeps itself abreast with latest regulatory changes, as and when they happen. The Company has been stringently following all regulatory compliances. The fact that Neuland recently cleared FDA audit without any observation from authority for the ninth consecutive time indicates Company's credibility and reputation as an API supplier.

(c) Delay in Patent expiry

The Company is dependent on generic pharmaceuticals in the API Sector. Any delay in patent expires on account of new improvements could impact the company's prospectus. During the past few years Company has optimized and expanded its product mix. The Company's portfolio ensures that delay in expiry of a few patents will not have any drastic impact on the company.

(d) Economic Risk

Company's business from Pharmaceutical clients depends on demand. Sluggish demand due to slowdown in economic growth is likely to impact future order book. Company has active business presence in 85 countries across the world. The Company is also increasing proportion of revenue from CMS segment which will further curtail the risk.

(e) Competition Risk

The business of APIs is price competitive. Being a global player, the Company faces competitive risks from not only domestic players but also from other similar companies in other emerging markets. The Company deploys a two-pronged mitigation strategy to counter this risk. On one hand, it continues to maintain its competitive advantage by continuous innovation of its processes by upgrading quality and optimizing costs. On the other hand, the Company continues to launch new products and maintains a healthy pipeline of future launches in a therapeutic agnostic manner. In order to maintain its profitability despite competitive pressures, the Company has started skewing its product mix towards more of niche high-margin products.

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Internal Controls

At Neuland, the internal control framework constantly monitors and assesses all aspects of risks associated with current activities and corporate profile, including scientific and development risks, partner interest risks, commercial and financial risks. In addition, Neuland has management reporting and internal control systems in place, that enable it to monitor performance, strategy, operations, business environment, organization, procedures, funding, risk and internal control. Neuland's internal control assessments are conducted by management in collaboration with the department heads and project managers. A report is prepared post completion on quarterly basis and submitted to the Board of Directors.

Pursuant to the Clause 49, the Corporate Governance of the listing agreement with Stock exchanges, the Company is required to comply with additional standards. These standards include a certification by Company's Chairman & Managing Director and Chief Financial Of cer upon the effectiveness and deficiencies of internal controls and the certificate is placed before the Audit Committee meeting every quarter. The Company and its Management have ensured that adequate systems exist for internal controls commensurate with industry in which it operates.

Your Company has instituted a legal compliance program, supported by a robust online system that covers the Company's manufacturing units as well. The purview of this system includes various statutes, such as industrial and labour laws, taxation laws, corporate and securities laws and health, safety and environment regulations.

Human Resources

The Company provides a safe and rewarding environment that attracts and retains good talent and where employees are engaged in delivering exceptional results to the customers and investors. Neuland enhances the motivation and engagement of employees by examining, developing and introducing a consistent employment value proposition to the existing and prospective employees. The key objective is to align the selection, talent management, employee engagement and recognition processes to drive the corporate growth objectives. As on March 31, 2015, 858 employees on the rolls of the Company are working towards accomplishing the Company's goal.

Neuland has put in various forums in place to engage with employees across different levels. These forums have now been in place for nearly 2 years and have been influential in engagement and communication.

Samanvay - A quarterly forum for managers and above, from all departments



Parichay - For new entrants, an introduction to the company from the Leadership

NeuConnect – Communicating with the first-line supervisors

During the last year, we have encouraged employees to continue their education through the Neu-scholar program.

Outlook

We are entering the fiscal year 2015-16 with renewed energies and our multiple growth - margin accretive portfolio namely high value APIs and contract manufacturing, and volume accretive mainstream products. Our business has tremendous potential to be exploited which will form the basis for future growth. In order to unlock this potential, we will continue effecting the business transition towards high margins and sustainable business.

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Thirty First Annual Report of your Company along with the audited statement of accounts for the year ended March 31, 2015.

Financial Results

		(₹ in lacs)
Particulars	2014-2015	2013-2014
Net Income	46,993.22	46,910.81
Profit before Depreciation and Tax	3,979.69	4,916.22
Less: Depreciation	1,531.98	1,493.86
Profit before Tax	2,447.71	3,422.36
Exceptional items	-	
Prior period adjustments	-	
Provision for current tax and deferred Tax	869.58	755.61
Profit after Tax	1,578.13	2,666.75
Add: Balance brought forward from the previous year	4,325.96	2,192.83
Profit available for appropriation	5,904.09	4,859.58
Appropriation	319.48	533.62
Balance carried forward to Balance Sheet	5,584.61	4,325.96

For the financial year ended March 31, 2015, the total income was ₹46,993.22 lacs as compared to ₹46,910.81 lacs in the corresponding period of the previous year. The EBITDA for the financial year 2014-15 stood at ₹6,714.55 lacs with a margin of 14.3% compared to EBIDTA of ₹7,371.38 lacs and margin of 15.7% during the corresponding period of previous year. The Net profit was ₹1,578.13 lacs for FY 2014-15 as compared to ₹2,666.75 lacs in the corresponding period of the previous year.

Business Review

Your Company continued to take key initiatives on product mix changes, scaling up new processes and improving manufacturing processes.

Your Company's facilities were successfully audited by Regulatory Authorities from four different regions, USFDA (USA), KFDA (South Korea), ANVISA (Brazil) and COFEPRIS (Mexico), key to the Company's plans for the future. Further, both the manufacturing units obtained ISO 9001:2008 certifications during the year.

Your Company has been working on new partnerships with customers across the world and the relationships developed will propel growth in due course taking into consideration regulatory timelines.

Your Company is in the process of making further systemic improvements, like product mix changes, cost optimisation and process improvements, which are expected to have a positive impact on the profit margins, efficiencies and overall

profitability. The management is working with a focus to build a sustainable business model which would add value to all stakeholders over the years to come.

Dividend

The Board of Directors has recommended a final dividend of ₹1.50 per equity share (15% dividend) to the members for their approval. The dividend, if approved, will be paid to members within the period stipulated by the Companies Act, 2013. The outflow on account of dividend (inclusive of tax on distributed profits) will be ₹159.90 lacs.

Share Capital

The paid up equity share capital as on March 31, 2015 was ₹895.39 lacs. During the year under review, your Company has allotted (i) 2,300 equity shares of a face value of ₹10 each to eligible employees in exercise of their stock options under the ESOS 2008 and (ii) 12,25,276 equity shares of a face value of ₹10 each to the existing equity shareholders of the Company on a rights basis in the ratio of 4:25.

Your Company has not issued shares with differential voting rights nor granted stock options nor sweat equity during the year.

Outlook

Your Company is in a competitive environment; however its portfolio mix provides it with opportunities for growth and

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your Company is planning to build on that potential by scaling up a further twelve products and develop more products in the lab during the next year which will add to the pipeline and could boost growth prospects. Your Company is also working on process improvement in manufacturing of key APIs, to ensure that the Company is in good stead with respect to the competition and could aid profitability.

Your Company's quest for growth has been further aided by the significant progress made on procuring Custom Manufacturing opportunities. The research and development work done in the past has helped your Company to become a significant competitor in the custom manufacturing market as the Company has gained a better understanding of its customers' needs. Your Company's foray in this segment has yielded considerable success in the form of securing contracts for manufacturing commercial compounds. Your Company is in a very good position, as some of the projects in the Custom Manufacturing space are progressing well and could significantly drive the growth of the company.

Your Company has the requisite capabilities to take advantage of the market and the opportunities presented to it, by leveraging its strengths.

Consolidated Financial Statements

The Consolidated Financial Statements of the Company prepared in accordance with relevant Accounting Standards (AS) issued by the Institute of Chartered Accountants of India, and approved by the Board of Directors of the Company, form part of this Annual Report.

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. 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.

A report on the performance and financial position of the subsidiaries and Joint Venture Company, set out in the prescribed form AOC-1 in terms of proviso to sub section (3) of Section 129 of the Companies Act, 2013, is provided as Annexure A to the consolidated financial statement and hence not repeated here for the sake of brevity.

Subsidiaries

Your Company has two subsidiaries, Neuland Laboratories K.K., Japan and Neuland Laboratories Inc. USA, working on market development. There are no associate companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act"). Further there has been no material change in the nature of business of the subsidiaries.

Joint Venture

Cato Research Neuland India Private Limited was formed in collaboration with Cato Research Israel Limited, a wholly owned subsidiary of Cato Research Limited, a global contract research and development organization based in USA. There are significant challenges in the clinical trials business in India due to evolving regulations. Introduction of transparency will add strength to the drug regulatory system and the Joint Venture has good prospects in the business of clinical trials and research in the health care sector, subject to the regulatory environment. During the current year, there were no operations in the Joint Venture Company.

The Policy for determining material subsidiaries as approved may be accessed on the Company's website www.neulandlabs.com.

Holding Company

Your Company is a Subsidiary Company of Neuland Health Sciences Private Limited as per Section 2(87) of the Companies Act, 2013.

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

Your Company has zero tolerance 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.

No complaints have been received by the Company on sexual harassment during the financial year 2014-15.

Documents uploaded on the Website

The following documents have been placed on the website of the Company (www.neulandlabs.com) in compliance with Companies Act, 2013:

- Unpaid dividend details as per Section 124(2)
- Corporate Social Responsibility Policy as per Section 135(4)(a)
- Financial Statements of the Company and Consolidated Financial Statements along with relevant documents as per third proviso to section 136(1).
- Separate audited accounts in respect of subsidiaries as per fourth proviso to section 136(1)
- Details of vigil mechanism for directors and employees to report genuine concerns as per proviso to section 177(10)
- The terms and conditions of appointment of independent directors as per Schedule VI to the Act.

Research & Development

The Research and Development (R&D) team of your Company continues its ventures to ensure that identified products are scaled up at the appropriate time such that there is a steady stream of new products.

During the year under review, six of the existing products were taken up for process improvement involving cycle time reduction, recovery and reuse of solvents, adoption of green chemistry, yield improvement and backward integration of key starting materials.

The increase in the Custom Manufacturing Solutions (CMS) business coupled with customer satisfaction is significantly on account of your team showing utmost importance to the customer needs without compromising on the quality and timelines.

There is a great emphasis on QBD (Quality by Design) for robust processes. The team has been working on acquiring new capabilities, prominent among them being enzymatic research. The team has initiated work on the same while forging strong collaborative links which could play a key role in the future.

Environment, Health & Safety

Your Company is committed to excellence in environment, health and safety (EHS) and believes it is an important pillar for good corporate governance. Environmental protection, prevention of occupational illness and prevention of work injuries is a corporate responsibility. As a responsible corporate citizen, your company continuously strives to serve the society

through responsibly managing EHS related expectations of internal and external customers. To achieve this, we ensure that all our activities, products and services are carried out considering appropriate EHS related concerns and addressing the same.

Your Company recognizes EHS stewardship as an integral part of everything it does to run its business and continually evaluates EHS related aspects and risks as part of organizational decision making process. EHS management systems drive the initiatives in areas of resource conservation, pollution prevention and prevention of work related ill health and injury. EHS management has been integral part of the business of your Company. The EHS division has been set up at the units and at a corporate level.

To address the EHS related concerns, your Company has formulated an EHS Policy, which is implemented in a continual and systematic manner through ISO 14001:2004 and BS OHSAS 18001:2007 management systems. EHS Policy communicates collective intentions to all Neulanders in key areas of EHS compliance, environment, health, safety, continual improvement and community development. All employees of your Company are expected to take personal responsibility for meeting the requirement of the EHS management systems and required competencies are developed and performances are monitored. EHS policy acts as a guiding principle for identifying, analyzing and mitigating any environmental impacts and/or safety and health risks arising from our activities, products and services.

Your Company takes utmost care of health and safety of all persons working with the Company and is committed to protect health of persons and protect environment and actively seek to identify means and ways to minimize resource consumptions and waste generations. While developing processes at R&D, the Company adopts 'Green Chemistry'. Through this method, input materials like various chemicals, solvents, water, energy and process conditions are selected aiming at minimization of potential environmental aspects and safety and health hazards. Once processes are developed, process improvement initiatives are taken up continuously to optimize consumption of raw materials, solvents, water and energy in manufacturing processes to make them sustainable.

On Occupational Health front, your Company has a full-fledged occupational health centre with physician, support

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staff and required infrastructure. The occupational health team is spearheading initiatives like exposure assessment, work place monitoring, health awareness campaigns and medical surveillance programme aiming to make your Company's work environment comfortable, safe and healthy for employees. Pre-employment, periodical and product specific health checkups have been customized for nature of work to strengthen the Company's medical surveillance program.

Hazard & Operability (HazOp) and Hazard Identification & Risk Assessment (HIRA) studies are carried out for processes and activities to minimize health and safety risks from such processes and activities. Any incident is followed up through a structured incident investigation process and the recommendations on corrective and preventive actions shared and implemented in all locations aiming to prevent recurrence of similar incidents.

The manufacturing units of your Company are equipped with adequate pollution control facilities like Biological treatment Plant, stripper, multi-effect evaporators, vertical thin film dryer and reverse osmosis facilities. Effluents generated in the Company's facilities are treated in these effluent treatment facilities and such treated effluents are fully recycled, thus helping to achieve your Company's aim to become Zero Liquid Discharge units. Your Company continually invests in pollution control and safety related infrastructures depending on need and invested ₹346 lacs equal to 0.74% of revenue in the financial year 2015. Your Company has spent ₹651 lacs equal to 1.39% of revenue in the financial year 2015 towards operation and maintenance of these infrastructures.

Your Company has implemented co-processing of certain hazardous wastes as fuel substitutes in authorized cement plants in their kilns to support energy resource conservation and reduce greenhouse gas emissions. This beneficial use of hazardous wastes is helping environment in conserving precious energy resources and reducing greenhouse gas emissions. Regular pollution monitoring is carried out to ensure compliance with permitted norms.

Information Management Systems

Your Company's information technology platform is a key component in offering customers transparency, accountability and reliability while executing their orders. The system design

and architecture is kept updated and customers are encouraged to track the progress in execution of their orders.

In view of 'mobile handset' being standard device of computing, it is intended to implement Enterprise Mobility Suite (EMS) in a secure and manageable environment along with Microsoft Office 365 and Azure cloud services.

To automate current manual business processes for transparency, monitoring, reporting and better productivity, action plans have been devised.

To secure end points (PC, laptop, mobile etc.) and information flow over e-mail & web, various measures including Data Leak Prevention (DLP), Rights Management Systems (RMS), Mobile Device Management (MDM) and Media Encryption are being implemented to protect IPR, Customer Data and Confidentiality.

All the employees are aware and have been sensitized that all assets of your Company generate confidential information and therefore information security is viewed with great importance. Your Company appreciates the importance of intellectual property rights and has put in place procedures to protect strictly intellectual properties. This includes comprehensive user awareness training for Information Security Management System (ISMS) adoption and its adherence followed by internal ISMS audit of all functions.

Your Company successfully completed ISO 27001:2013 surveillance audit of Information Security Management System.

Corporate Governance Report and Management **Discussion & Analysis**

As per Clause 49 of the Listing Agreement entered into with the stock exchanges, Corporate Governance Report along with Certificate from a Practising Company Secretary thereon and the Management Discussion and Analysis report are attached and form part of this report.

Board Meetings

During the year, four Board Meetings and four Audit Committee Meetings were convened and held, the details of which are given in the Corporate Governance Report, which forms part of this report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Directors and Key Managerial Personnel

The changes taken place in the directors and key managerial personnel during the financial year 2014-15 and as on the date of this report are as under:

SI. No.	Name	Designation	Appointment / Cessation	Date of appointment / cessation
1	Mrs. Bharati Rao	Independent Director	Appointment	9-May-2014
2	Mr. S. B. Budhiraja	Independent Director	Cessation	9-May-2014
3	Mr. G. V. K. Rama Rao	Non-Executive Director	Cessation	1-Aug-2014
4	Mr. Nadeem Panjetan	Nominee Director	Cessation	8-Dec-2014
5	Dr. Nirmala Murthy	Additional Director	Appointment	8-May-2015
6	Mr. N. S. Viswanathan	Chief Financial Officer	Cessation	8-May-2015
7	Mr. Anil Kumar	Chief Financial Officer	Appointment	8-May-2015

The Board places on record its innate appreciation for the contributions made by Mr. G. V. K. Rama Rao, one of the Promoters and the first directors of the Company. Further, the Board also places on record its profound appreciation of the contributions made by Mr. S. B. Budhiraja, as an independent director on the Board, by providing guidance and valuable inputs during his tenure on the Board from 1997 to 2014.

The Board also places on record its sincere appreciation to Mr. Nadeem Panjetan, Nominee Director for his inputs and to Mr. N .S. Viswanathan, Chief Financial Officer for the services rendered during their tenure for the growth of the Company.

The Board at its meeting held on May 8, 2015 appointed Dr. Nirmala Murthy as an Additional Director and Independent Non-Executive Director of the Company with effect from May 8, 2015 for a period of five consecutive years for a term up to May 7, 2020. The above appointment was based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Shareholders of the Company at the forthcoming Annual General Meeting.

Dr. Nirmala Murthy holds office up to the date of the forthcoming Annual General Meeting and is eligible for appointment.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Dr. Christopher M. Cimarusti shall retire by rotation and being eligible offers himself for re-appointment.

The Board had at its meeting held on May 8, 2015, subject to the approval of the shareholders, re-appointed Mr. D. Saharsh Rao as the Whole Time Director of the Company for a further period of 5 years from June 1, 2015.

Details of the proposal for appointment / re-appointment of Dr. Nirmala Murthy, Dr. Christopher M Cimarusti and Mr. D. Saharsh Rao are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the 31st Annual General Meeting. The profiles of the Directors for appointment/re-appointment are included in the Report on Corporate Governance annexed. Your Board recommends the above appointment / re-appointment of Directors in the best interest of the Company.

Independent Directors' Declaration

All the Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholder Relationship Committees. These evaluations were based on questionnaire and feedback from all the Directors on the Board as a whole, Committees and the Chairman of the Company.

Some of the key criteria for performance evaluation are as follows:

Performance evaluation of Board and Committees

Effectiveness of Board processes, information and functioning

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- Board structure and composition
- Frequency, length and administration of meetings
- Establishment of Committees and delegation responsibilities to Committees

Performance evaluation of Directors

- Attendance at Board or Committee meetings
- Contribution at Board or Committee meetings
- Guidance and support to management outside the Board or Committee meetings

Independent Directors' Meeting

A separate meeting of the independent directors was convened, which reviewed the performance of the Board, the non-independent directors and the Chairman.

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 2014-15 has been paid to both the stock exchanges.

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, 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, 2015, 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, 2015 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 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.

Audit Committee

The composition of the Audit Committee and its terms of reference are included in the Report on Corporate Governance annexed.

Nomination and Remuneration Committee

Your Company has a Nomination and Remuneration Committee and further details of the Committee are set out in the Corporate Governance Report forming part of the Directors' Report.

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for selection and appointment of Directors, Key Managerial Personnel, Senior Management and their remuneration.

Policy of Directors' Appointment and Remuneration

Company's Policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under section 178(3) of the Act are covered in the Corporate Governance Report which forms part of this Report. Further, information about elements of remuneration package of individual directors is provided in the extract of Annual Return as provided under Section 92(3) of the Act, is enclosed at Annexure 3 in the prescribed form MGT-9 and forms part of this Report.

Code of Conduct for Directors and Senior Management

The Directors and members of Senior Management have affirmed compliance with the Code of Conduct for Directors and Senior Management of the Company. A declaration to this effect has been signed by the Chairman & Managing Director and forms part of the Annual Report.

Vigil Mechanism

Your Company has a vigil mechanism to deal with instances of fraud and mismanagement, if any. The Whistle Blower Policy enables reporting of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy, to the management. The Vigil mechanism also ensures strict confidentiality is maintained and provided adequate safeguards against victimization of employees who avail of the mechanism and also provided for direct access to the Chairman of the Audit committee in exceptional cases.

Prevention of Insider Trading

The Board has at its meeting held on May 8, 2015, adopted (i) Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders and (ii) Code of Fair Disclosures with a view to serve as a guiding charter for all concerned persons associated with the functioning of the Company pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015. This Code supersedes the earlier Insider Trading Policy of the Company and shall be effective from May 15, 2015. The Company Secretary & Compliance Officer is responsible for implementation of the Code.

Employee Stock Option

During the year, your Company has not granted any fresh stock options to the employees. As per the resolution passed by Annual General meeting on July 20, 2007, your Company has granted 34,500 stock options to its employees under the Employee Stock Options Scheme ("ESOS 2008"). Your Company has allotted 2,300 equity shares to the eligible employees under ESOS, 2008 during the financial year ended March 31, 2015. There are 2,500 vested options yet to be exercised by the employees under ESOS, 2008.

The information pertaining to Employee Stock Options exercised by the employees during the financial year 2014-15 and other particulars with regard to Employees' Stock Options are set out under Annexure 2 to the Directors' Report.

Statutory Auditors

The financial statements have been audited by Walker Chandiok & Co LLP (ICAI Firm's Registration No. 001076N/N500013), Chartered Accountants, Statutory Auditors of the Company.

Pursuant to the provisions of Section 139 of the Act and the rules framed thereunder, Walker Chandiok & Co LLP, Chartered Accountants, were appointed as Statutory Auditors of the Company from the conclusion of the 30th Annual General Meeting (AGM) of the Company for a period of five years, i.e., till the conclusion of the 35th AGM to be held in the year 2019, subject to ratification of their appointment by the members at every AGM.

The independent directors also had a separate meeting with the Statutory Auditors of your Company to discuss the general issues pertaining to Audit.

Auditors' Report

Auditors' Observation: The Auditors have mentioned in their respective Reports on Standalone Financial Statements and Consolidated Financial Statements for the year ended March 31, 2015 as under:

The Company recognized revenues from sale of goods amounting to ₹290.53 lakhs based on management's assessment of transfer of significant risks and rewards of ownership to the customers. However, in our opinion, such recognition does not meet the conditions enunciated under the Accounting Standard (AS) 9 on "Revenue Recognition" notified under the Companies (Accounting Standards) Rules, 2006. Had the Company followed the principles of AS 9, revenue from operations, profit before tax and tax expense for the year ended March 31, 2015 would have been lower by ₹290.53 lakhs, ₹130.54 lakhs and ₹44.37 lakhs respectively. Further, the trade receivables, current liabilities and reserves and surplus as at March 31, 2015 would have been lower by ₹290.53 lakhs, ₹144.39 lakhs and ₹86.17 lakhs and the inventories as at that date would have been higher by ₹59.97 lakhs.

Management Response: Explanation on the qualification in the audit report is provided in Note No.4 to the Standalone Financial Statements and Consolidated Financial Statements. In particular, as stated in Note No.4, revenue was recognized based on implicit understanding of compliance with the Bill and Hold criteria in accordance with the terms of the contract.

Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, subject to the approval of the Central Government, if any required, the Audit Committee has recommended and the

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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 2015-16.

Secretarial Audit Report

The Company has obtained Secretarial Audit Report for the financial year 2014-15 from the Company Secretary in practice for compliance with Section 204(1) of the Companies Act, 2013, Listing Agreement, SEBI Regulations on Takeover, Insider Trading and Depositories & Participants. A text of the Annual Secretarial Audit Report is annexed to the Corporate Governance Report and forms part of this report.

Insurance

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

Extract of Annual Return

The extract of Annual Return as provided under Section 92(3) of the Companies Act, 2013 is enclosed as Annexure 3 in Form No.MGT-9 and forms part of this Report.

Transactions with Related Parties

Your Company has entered into contract / arrangements with the related parties in the ordinary course of business and on arm's length basis. Thus provisions of Section 188(1) of the Act are not applicable. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a repetitive nature and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis.

The Company has Related Party Transaction Policy for purpose of identification and monitoring of such transactions. The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website, www.neulandlabs.com.

Your Directors draw attention of the members to Note 32 to the financial statement which sets out related party disclosures.

Internal Control

The information about internal controls is set out in the Management Discussion & Analysis report which is attached and forms part of this Report.

Particulars of Loans, Guarantees and Investments

There have been no loans, guarantees and investments under Section 186 of the Act during the financial year 2014-15.

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

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

Risk Management

The Board oversees Company's process for determining risk tolerance and review management's measurement and comparison of overall risk tolerance to established levels. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuous basis. For details, please refer to the Management Discussion and Analysis report which form part of the Board Report.

Corporate Social Responsibility

The Corporate Social Responsibility Committee (CSR Committee) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy is available on your Company's website www.neulandlabs.com.

Your Company would undertake CSR activities as per the CSR Policy and in compliance with Schedule VII to the Companies Act, 2013. Even though CSR spend is applicable from April 1, 2014, the Company has not spent on CSR activities for the financial year 2014-15. Your Company is in the process of finalizing the organization and modus operandi to spend on activities for the welfare of society ensuring that the amounts spend in each financial year would be around the level prescribed under the Companies Act, 2013. It is planned to spend the CSR amounts in a staggered manner in the coming years.

Fixed Deposits

During the year the Company has not accepted any fixed deposits from the public. There are no fixed deposits outstanding with the Company as on March 31, 2015.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as Annexure 1.

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.

Particulars of Employees

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment

and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules is annexed herewith as Annexure 4.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annexure 4 of this Report.

Acknowledgement

Your Company acknowledges the significant contribution made by its employees. The trust reposed in your Company by its esteemed customers helped stabilize growth during the year under review. Your Company also acknowledges the support and guidance received from State Bank of India, Bank of India, Indian Overseas Bank, Export Import Bank of India, Kotak Mahindra Bank, Ratnakar Bank and all government agencies and looks forward to their continuing support.

For and on behalf of the Board Sd/-**Dr. D. R. Rao** Chairman & Managing Director DIN: 00107737

Hyderabad, May 8, 2015

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ANNEXURE - 1 FORM - A

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

A. Power & Fuel Consumption

Particulars	2014-2015	2013-2014
1. Electricity		
a. Purchased		
Unit in lacs (kWh)	186.60	180.59
Total Amount (₹ in lacs)	1,225.19	1,203.27
Rate/Unit (₹/kWh)	6.57	6.66
b. Own generation (Unit in	16.31	12.59
lacs) kWh		
(Through Diesel		
Generator)		
Units per litre of Diesel Oil	3.07	3.15
Cost/Unit (₹/kWh)	22.09	19.76
2. Coal		
Quality "C" Grade used in		
Steam Boiler		
Quantity (Tonnes)	11,102	10,777
Total cost (₹ in lacs)	697.69	604.75
Average rate (₹/Tonne)	6,284	5,612

B. Consumption per Unit of Production Electricity (Units) & Coal (in Tonnes)

Since the Company manufactures different types of bulk drugs and its intermediates, it is not practicable to give consumption per unit of production.

FORM - B

Research and Development

a. Specific areas in which R&D was carried out by your Company

- i. Development non-infringing of patentable processes for active pharmaceutical ingredients in the therapeutic categories of anti-asthmatic, Vasodilator, anti-fungal, Haemostatic, anti-glaucoma, anti-hyperlipoproteinemic, anti-hypertensive, antipsychotic, antiemetic, anti-Parkinson, anti-depressant, benign prostatic hyperplasia, antibacterial, anti-Alzheimer and anti-coagulant.
- ii. Development of efficient and cost-effective processes (Life cycle management) to reduce total variable cost and cycle time for existing products within the scope of DMF.

- iii. Development of analytical methods and their validations.
- iv. Generation of intellectual property and international regulatory filings.
- v. Study of impurity profiles, synthesis including metabolites of active pharmaceutical ingredients.
- vi. Evaluation of genotoxic impurities and their control in active pharmaceutical ingredients.
- vii. Development of analytical methods for genotoxic impurities quantification.

b. Benefits derived as a result of the above:

- i. The above research has resulted in commercializing/ scaling up of a number of products.
- ii. Life cycle management of the existing manufacturing processes for APIs (anti-hypertensive, anti-bacterial, anti-ulcer etc.) resulted in lower production costs, reduced cycle times, and customer retention.
- iii. Developed process for deuterated API's. Process validation done for deuterated API's and Neuland is supporting the clients in filing NDA and other regulatory requirements. The technology developed for these deuterated compounds is novel, unique and will be supplied to a major pharma company.
- iv. Added potent vitamin D3 derived API's in the Company's Contract Manufacturing portfolio.
- v. During the financial year 2014-15, Neuland has filed 16 patent applications of which 4 were for US, 5 were for Europe, 4 were PCT publications and 3 were Indian Patent applications.
- vi. Drug Master Files (DMF) /CEPs were filed during the year for:
 - a. Alcaftidine (USDMF)
 - Dabigatran (USDMF)
 - Ciprofloxacin HCI (Canadian DMF)
 - d. Ipratropium Bromide (Canadian DMF)

- e. Entacapone (CEP Revised)
- f. Ramipril (CEP Revised)
- g. Salmeterol (CEP Revised)
- h. Ciprofloxacin HCI (CEP Revised)

c. Future plan of action:

- To develop processes for new bulk drugs of various therapeutic categories identified after an extensive analysis of the market and development of costeffective processes for the existing products.
- ii. Undertake more of custom manufacturing projects
- iii. Implementation of QBD during in process development
- iv. To file 8-10 DMFs/CEPs every year
- v. Identified 12 new products for development in 2015-16.
- vi. To expand collaboration and development in enzymatic research.

d. Expenditure on R&D

(₹ in lacs)

Particulars	2014-2015	2013-2014
Capital	-	-
Recurring	1,065.20	1,082.62
(Total)	1,065.20	1,082.62

Technology Absorption, Adaptation and Innovation

a. The technologies developed by R&D division of the Company towards the quality and yield improvement of existing products and also development of technology for new bulk drugs have been commercialized and adopted by the manufacturing facility of the Company. b. In case of improved technology (imported during the last 5 years reckoned from the beginning of the financial year), the following information may be furnished.

a. Technology imported
b. Year of import
c. Has technology fully been absorbed
d. Nil

d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of actions : Nil

Foreign Exchange Earnings and Outgo

- a. Activities relating to exports, initiative taken to increase exports, developments of new exports markets for products and services and export plans:
 - Your Company has had a strong export focus in the past, and expects thrust to continue in the future.
 In fiscal 2014-15, 74.24% of revenues were derived from exports.
 - ii. Your Company's total exports on FOB basis was ₹31,388.41 lacs against previous year export turnover of ₹31,933.08 lacs.
 - iii. Your Company expects considerable export revenue during 2015-16.

b. Foreign exchange earned and used for the year ended March 31, 2015:

Total foreign exchange earnings earned and used is given in Note No.39 and 45, of the Notes to financial statements.

For and on behalf of the Board

Sd/-

Dr. D. R. Rao

Chairman & Managing Director

DIN: 00107737

Hyderabad, May 8, 2015









ANNEXURE – 2 Disclosures with respect to Employees Stock Option Scheme of the Company

De	scription	Particulars		
1.	No. of shares granted under Neuland ESOS, 2008	34,500		
2.	Exercise Price	₹95.34* (adjusted for Rights Issue) The above exercise prices exclude all applicable taxes, as may be levied in this regard;		
3.	Options vested during FY 2014-15	Nil		
4.	Options exercised & shares allotted during FY 2014-15	2,300		
5.	Options lapsed	2,500		
6.	Variation of terms of Options	Nil		
7.	Money realized by exercise of Options	₹2.19 lacs		
8.	Total No. of Options in force as on March 31, 2015	2,500		
9.	i. Details of Options Granted to members of senior management team and in force as on date	Dr. Mike Anwer - 1,500 Mr. D. S. Krishna Mohan - 1,000		
	ii. Any other employee who received a grant in any one year of option amounting to 5% or more of options granted during the year	Nil		
	iii. Employees who were granted option during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and Conversions) of the Company at the time of grant	Nil		
10	Basic and Diluted Earnings Per Share (EPS) before exceptional items pursuant to issue of shares on exercise of options calculated in accordance with AS-20 'Earnings Per Share'	Before Adjustment ₹18.47 Adjusted ₹18.47		

^{*} Pursuant to the Rights Issue during the financial year ended March 31, 2015, the exercise price has been revised to ₹347.72.

ANNEXURE - 3

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on March 31, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

a. CIN	L85195TG1984PLC004393
b. Registration Date	January 7, 1984
c. Name of the Company	Neuland Laboratories Limited
d. Category / Sub-Category of the Company	Company limited by shares
e. Address of the Registered office and	Sanali Info Park, 'A' Block,
contact details	Ground floor, 8-2-120/113, Road No.2,
	Banjara Hills, Hyderabad – 500 034.
	Tel: 91 40 30211600
	Fax: 91 40 30211602
	E-mail: ir@neulandlabs.com
f. Whether listed company	Yes
g. Name, Address and Contact details of	Karvy Computershare Private Limited
Registrar and Transfer Agent, if any	Karvy Selenium Tower B, Plot 31-32,
	Gachibowli, Financial District,
	Nanakramguda, Hyderabad – 500 032
	Tel: 91 40 67162222
	Fax: 91 40 23001153
	email: srirama.murthy@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

SI.	Name and Description of main products / services	NIC Code of the Product /	% to total turnover of the
No.		service	company
1	Manufacturing of Active Pharmaceutical Ingredients	21001	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S.	Name and address of the	CIN/GLN	Holding/ Subsidiary /	% of shares	Applicable
No	Company		Associate	held	Section
1	Neuland Health Sciences Private Limited	U73100TG1993PTC015554	Holding	51.68%	2(46)
2	CATO Research Neuland India Private Limited	U73100TG2008PTC059158	Subsidiary	70%	2(87)
3	Neuland Laboratories K.K., Japan	Not applicable	Subsidiary	100%	2(87)
4	Neuland Laboratories Inc., USA	Not applicable	Subsidiary	100%	2(87)











IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category of Shareholders	No. of Share	s held at the b March 3	eginning of to	he year i.e.,	No. of Shares held at the end of the year i.e., March 31, 2015				% Change during the
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	yea
A. Promoters									
(1) Indian									
a) Individual / HUF	900	0	900	0.01	4,819	0	4,819	0.05	0.04
b) Central Government	0	0	0	0	0	0	0	0	0
c) State Government(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corporate	38,31,679	0	38,31,679	50.05	45,90,608	0	45,90,608	51.68	1.63
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub – total(A)(1)	38,32,579	0	38,32,579	50.06	45,95,427	0	45,95,427	51.73	1.67
(2) Foreign									
a) NRIs – Individuals	200	0	200	0	200	0	200	0.00	0
b) Other - Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub – total(A)(2)	200	0	200	0	200	0	200	0	0
Total shareholding of	38,32,779	0	38,32,779	50.06	45,95,627	0	45,95,627	51.73	1.67
promoter (A) = (A)(1) + (A)(2)	55,52,777	١	00,02,777	20.00	.5,55,627	, i	.5,25,52.	55	
Public Shareholding									
(1) Institutions									
a) Mutual Funds	0	400	400	0.01	88,285	400	88,685	1.00	0.99
b) Banks / FI	0	500	500	0.01	2,198	500	2,698	0.03	0.02
c) Central Government	0	0	0	0	0	0	0	0	0
d) State Government(s)	0	0	0	0	0	0	0	0	0
e) Venture capital funds	0	0	0	0	0	0	0	0	0
f) Insurance companies	0	0	0	0	0	0	0	0	0
g) Flls	6,000	0	6,000	0.08	1,32,996	0	1,32,996	1.50	1.42
h) Foreign Venture capital funds	0	0	0	0	0	0	0	0	0
i) Others	0	0	0	0	0	0	0	0	0
Sub – total(B)(1)	6,000	900	6,900	0.09	2,23,479	900	2,24,379	2.53	2.44
(2) Non - Institutions	·		Í						
a) Bodies Corporate									
i. Indian	3,50,726	4,551	3,55,277	4.64	5,25,318	4,551	5,29,869	5.96	1.32
ii. Overseas	1,29,090	4,100	1,33,190	1.74	0	4,100	4,100	0.05	(1.69)
b) Individuals	1,27,070	1,100	1,00,110			.,	.,	5,55	(1147)
i. Individuals holding nominal share capital upto ₹1 lakh	11,06,867	1,02,125	12,08,992	15.79	16,52,925	1,01,110	17,54,035	19.75	3.96
ii. Individuals holding nominal share capital in excess of ₹1 lakh	13,46,951	25,400	13,72,351	17.93	9,23,093	30,280	9,53,373	10.73	(7.20)
c) Others	6,88,589	57,600	7,46,189	9.75	7,64,271	57,600	8,21,871	9.25	(0.50)
Sub – total(B)(2)	36,22,223	1,93,776	38,15,999	49.85	38,65,607	1,97,641	40,63,248	45.74	(4.11)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	36,28,223	1,94,676	38,22,899	49.94	40,89,086	1,98,541	42,87,627	48.27	(1.67)
B. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	74,61,002	1,94,676	76,55,678	100	86,84,713	1,98,541	88,83,254	100	0

ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year i.e., March 31, 2014			Share holdin	% change in share		
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	Demat	Physical	Total	holding during the year
1	Neuland Health Sciences Pvt. Ltd.	38,31,679	50.05	2.61	45,90,608	51.68	2.25	1.63
2	Davuluri Rama Mohan Rao	100	0.00	0.00	116	0.00	0.00	0.00
3	Davuluri Vijaya Rao	100	0.00	0.00	116	0.00	0.00	0.00
4	Davuluri Sucheth Rao	100	0.00	0.00	116	0.00	0.00	0.00
5	Davuluri Saharsh Rao	100	0.00	0.00	116	0.00	0.00	0.00
6	Davuluri Rohini Niveditha Rao	100	0.00	0.00	116	0.00	0.00	0.00
7	Gannabathula Venkata Krishna Rama Rao	100	0.00	0.00	120	0.00	0.00	0.00
8	Gannabathula Subbayamma	100	0.00	0.00	120	0.00	0.00	0.00
9	Gannabathula Veeravenkata Satyanarayanamurty	100	0.00	0.00	120	0.00	0.00	0.00
10	Gannabathula Uma Bala	100	0.00	0.00	3879	0.04	0.00	0.04
11	Velugubanti S Prasadarao	100	0.00	0.00	100	0.00	0.00	0.00
12	Suryanarayana M Siram	100	0.00	0.00	100	0.00	0.00	0.00
	Total	38,32,779	50.06	2.61	45,95,627	51.73	2.25	

iii) Change in Promoters' Shareholding (please specify, if there is no change)

S. No.	Name	Shareholding		Date	Increase/ Decrease in share-holding	Reason	Cumulative Shareholding during the year (01-04-14 to 31-03-15)	
		No. of Shares at the begin-ing (01-04-14) / end of the year (31-03-15)	% of totalshares of the Company				No. of Shares	% of total shares of the Company
1	Neuland Health Sciences	38,31,679	50.05	01-Apr-2014				
	Pvt. Ltd.			29-Oct-2014	7,58,929	Rights Allotment	45,90,608	1.63
		45,90,608	51.68	31-Mar-2015			45,90,608	51.68
2	Davuluri Rama Mohan	100	0.00	01-Apr-2014				
	Rao			29-Oct-2014	16	Rights Allotment	116	0.00
		116	0.00	31-Mar-2015			116	0.00
3	Davuluri Vijaya Rao	100	0.00	01-Apr-2014				
				29-Oct-2014	16	Rights Allotment	116	0.00
		116	0.00	31-Mar-2015			116	0.00
4	Davuluri Sucheth Rao	100	0.00	01-Apr-2014				
				29-Oct-2014	16	Rights Allotment	116	0.00
		116	0.00	31-Mar-2015			116	0.00
5	Davuluri Saharsh Rao	100	0.00	01-Apr-2014				
				29-Oct-2014	16	Rights Allotment	116	0.00
		116	0.00	31-Mar-2015			116	0.00
6	Davuluri Rohini Niveditha	100	0.00	01-Apr-2014				
	Rao			29-Oct-2014	16	Rights Allotment	116	0.00
		116	0.00	31-Mar-2015			116	0.00
7	Gannabathula Venkata	100	0.00	01-Apr-2014				
	Krishna Rama Rao			29-Oct-2014	20	Rights Allotment	120	0.00
		120	0.00	31-Mar-2015			120	0.00

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S. No.	Name	Shareho	lding	Date	Increase/ Decrease in share-holding	Reason	Cumulative S during the yea 31-03	r (01-04-14 to
		No. of Shares at the begin-ing (01-04-14) / end of the year (31-03-15)	% of totalshares of the Company				No. of Shares	% of total shares of the Company
8	Gannabathula	100	0.00	01-Apr-2014				
	Subbayamma			29-Oct-2014	20	Rights Allotment	120	0.00
		120	0.00	31-Mar-2015			120	0.00
9	Gannabathula	100	0.00	01-Apr-2014				
	Veeravenkata			29-Oct-2014	20	Rights Allotment	120	0.00
	Satyanarayanamurty	120	0.00	31-Mar-2015			120	0.00
10	Gannabathula Uma Bala	100	0.00	01-Apr-2014				
				29-Oct-2014	20	Rights Allotment	120	0.00
				14-Nov-2014	1041	Purchase	1,161	0.01
				21-Nov-2014	648	Purchase	1,809	0.02
				6-Mar-2015	1085	Purchase	2,894	0.03
				13-Mar-2015	985	Purchase	3,879	0.04
		3,879	0.04	31-Mar-2015			3,879	0.04
11	Velugubanti S Prasadarao	100	0.00	01-Apr-2014				
					No change	during the year		
		100	0.00	31-Mar-2015				
12	Suryanarayana M Siram	100	0.00	01-Apr-2014				
					No change	during the year		
		100	0.00	31-Mar-2015				

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	For Each of the Top 10 Shareholders			Change in shareh ye	olding during the ar	Shareholding at the end of the year i.e., March 31, 2015	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Unipharm Limited	6,00,000	7.84	0	-	6,00,000	6.75
2	Mukesh Raojibhai Patel	2,61,431	3.41	32,808	0.37	2,94,239	3.31
3	American Overseas Technologies	1,33,090	1.74	(1,29,090)	(1.45)	4,000	0.04
4	Natco Pharma Limited	75,000	0.98	(60,000)	(0.68)	15,000	0.16
5	ICG Q Limited					1,28,996	1.45
6	RRS Shares And Stock BrokersPvt Ltd					62,033	0.7
7	l Tenable India Limited					57,712	0.65
8	Andhra Pradesh Industrial Development Corporation Limited					51,744	0.58
9	Prabhala Lalitha					50,000	0.56
10	L and T Mutual Fund Trustee Ltd-L And T India Value Fund					45,000	0.51

Note: Numbers and Percentages in brackets represents negative numbers and percentages.

^{*} The above details are given as on March 31, 2015. The Company is listed and 97.76% shareholding is in dematerialized form. Hence, it is not feasible to track movement of shares on daily basis. The aforesaid holdings by top ten shareholders is due to market operations and / or allotment during the Rights Issue of the Company, wherever applicable. Further, Company has not allotted/transferred or issued any bonus or sweat equity shares during the year.

v) Shareholding of Directors and Key Managerial Personnel:

A. DIRECTORS	S. No.	Name	me Shareholding	olding	Date	Increase/ Decrease in share-	Reason	Cumulative S during the yea 31-03	r (01-04-14 to
Davuluri Rama Mohan Rao Rao Davuluri Rama Mohan Rao Davuluri Rama Mohan Da			the beginning (01-04-14)/ end of the year	shares of the		holding		No. of Shares	% of total shares of the Company
Rao	A.	DIRECTORS							
116	1	Davuluri Rama Mohan	100	0.00	01-Apr-2014				
2		Rao			29-Oct-2014	16	Rights Allotment	116	0.00
29-Oct-2014			116	0.00	31-Mar-2015			116	0.00
Davuluri Sucheth Rao	2	Davuluri Vijaya Rao	100	0.00	01-Apr-2014				
3					29-Oct-2014	16	Rights Allotment	116	0.00
Part			116	0.00	31-Mar-2015			116	0.00
116	3	Davuluri Sucheth Rao	100	0.00	01-Apr-2014				
A					29-Oct-2014	16	Rights Allotment	116	0.00
29-Oct-2014 16 Rights Allotment 116 0.00			116	0.00	31-Mar-2015			116	0.00
Section	4	Davuluri Saharsh Rao	100	0.00	01-Apr-2014				
Section Continue					29-Oct-2014	16	Rights Allotment	116	0.00
C(cased to be Director effective August 1, 2014)			116	0.00	31-Mar-2015			116	0.00
effective August 1, 2014)	5	G V K Rama Rao	100	0.00	01-Apr-2014				
August 1, 2014 120 0.00 31-Mar-2015 120 0.00		1 '			29-Oct-2014	20	Rights Allotment	120	0.00
Humayun Dhanrajgir			120	0.00	31-Mar-2015			120	0.00
29-Oct-2014 453 Rights Allotment 3,286 0.00	6		2.833	0.00	01-Apr-2014				
3,286 0.03 31-Mar-2015 3,286 0.05				5.00		453	Rights Allotment	3.286	0.03
P.V.Maiya			3.286	0.03		.55	g.i.s.r.ii.e.ii.e		0.03
29-Oct-2014 226 Rights Allotment 1,642 0.0	7	P.V.Maiva	-					2,222	
1,642			1,112			226	Rights Allotment	1.642	0.01
8 Mr.Nadeem Panjetan (Ceased to be Director effective December 8, 2014) 0 0.00 31-Mar-2015 Nil Holding / Movement during the year 0 0.00 9 Mrs. Bharati Rao (Appointed as Director effective May 9, 2014) 0 0.00 01-Apr-2014 0 Nil Holding / Movement during the year 0 0.00 10 Dr. Chirstopher M Cimarusti 0 0.00 01-Apr-2014 0 Nil Holding / Movement during the year 0 0.00 11 Dr. Will Mitchell 0 0.00 01-Apr-2014 0 Nil Holding / Movement during the year 0 0.00 B. KEY MANAGERIAL PERSONNEL (KMPs other than MD/WTD) Nil Holding / Movement during the year Nil Holding / Movement during the year Nil Holding / Movement during the year 0 0.00 2 Sarada Bhamidipati Company Secretary & Compliance Officer 0 0.00 01-Apr-2014 0 Nil Holding / Movement during the year Nil Holding / Movement during the year Nil Holding / Movement during the year			1.642	0.01					0.01
Ceased to be Director effective December 8, 2014) December 8, 2014) December 8, 2014) Output	8	Mr.Nadeem Panietan	-					.,	
9 Mrs. Bharati Rao (Appointed as Director effective May 9, 2014) 0 0.00 31-Mar-2015 Nil Holding / Movement during the year 0 0.00 10 Dr. Chirstopher M Cimarusti 0 0.00 01-Apr-2014 Nil Holding / Movement during the year 0 0.00 11 Dr. Will Mitchell 0 0.00 01-Apr-2014 Nil Holding / Movement during the year 0 0.00 B. KEY MANAGERIAL PERSONNEL (KMPs other than MD/WTD) 0 0.00 01-Apr-2014 Nil Holding / Movement during the year 0 0.00 1 N S Viswanathan Chief Financial Officer (Ceased to be KMP w.e.f. May 8, 2015) 0 0.00 01-Apr-2014 Nil Holding / Movement during the year 0 0.00 2 Sarada Bhamidipati Company Secretary & Compliance Officer 0 0.00 01-Apr-2014 Nil Holding / Movement during the year Nil Holding / Movement during the year		(Ceased to be Director effective			-			0	0.00
(Appointed as Director effective May 9, 2014) 0 0.00 31-Mar-2015 Nil Holding / Movement during the year 0 0.00 10 Dr. Chirstopher M Cimarusti 0 0.00 01-Apr-2014 the year Nil Holding / Movement during the year 0 0.00 11 Dr. Will Mitchell 0 0.00 01-Apr-2014 the year Nil Holding / Movement during the year 0 0.00 B. KEY MANAGERIAL PERSONNEL (KMPs other than MD/WTD) N S Viswanathan Chief Financial Officer (Ceased to be KMP w.e.f. May 8, 2015) 0 0.00 01-Apr-2014 Nil Holding / Movement during the year 0 0.00 2 Sarada Bhamidipati Company Secretary & Compliance Officer 0 0.00 01-Apr-2014 Nil Holding / Movement during the year Nil Holding / Movement during the year	9		0	0.00	01-Apr-2014				
Cimarusti		(Appointed as Director					9	0	0.00
Dr. Will Mitchell	10		0	0.00	01-Apr-2014				
B. KEY MANAGERIAL PERSONNEL (KMPs other than MD/WTD) 1 N S Viswanathan Chief Financial Officer (Ceased to be KMP w.e.f. May 8, 2015) 0 0.00 31-Mar-2014 Nil Holding / Movement during the year 0 0.00 01-Apr-2014 Nil Holding / Movement during the year 0 0.00 01-Apr-2014 Nil Holding / Movement during the year Nil Holding / Movement during the year		Cimarusti	0	0.00	31-Mar-2015	t	he year	0	0.00
B. KEY MANAGERIAL PERSONNEL (KMPs other than MD/WTD) 1 N S Viswanathan Chief Financial Officer (Ceased to be KMP w.e.f. May 8, 2015) 0 0.00 31-Mar-2015 2 Sarada Bhamidipati Company Secretary & Compliance Officer Compliance Officer Nil Holding / Movement during the year Nil Holding / Movement during the year	11	Dr. Will Mitchell	0	0.00	01-Apr-2014	Nil Holding /	Movement during		
1 N S Viswanathan Chief Financial Officer (Ceased to be KMP w.e.f. May 8, 2015) 0 0.00 31-Mar-2015 2 Sarada Bhamidipati Company Secretary & Compliance Officer 0 0.00 01-Apr-2014 Nil Holding / Movement during the year Nil Holding / Movement during the year			0	0.00	31-Mar-2015	t	he year	0	0.00
Chief Financial Officer (Ceased to be KMP w.e.f. May 8, 2015) 0 0.00 31-Mar-2015 2 Sarada Bhamidipati Company Secretary & Compliance Officer Nil Holding / Movement during the year Nil Holding / Movement during the year	B.	KEY MANAGERIAL PERSO	ONNEL (KMPs ot	her than MD/\	WTD)				
2 Sarada Bhamidipati 0 0.00 01-Apr-2014 Company Secretary & Ompliance Officer Nil Holding / Movement during the year	1	Chief Financial Officer (Ceased to be KMP	0	0.00	01-Apr-2014	Nil Holding / Movement during			
Company Secretary & Nil Holding / Movement during the year			0	0.00	31-Mar-2015			0	0.00
, ,	2	Company Secretary &	0	0.00	01-Apr-2014				
			0	0.00	31-Mar-2015			0	0.00









V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in lacs)

Name	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	16,209.66	2,800.00	-	19,009.66
ii) Interest due but not paid	19.74	-	-	19.74
iii) Interest accrued but not due	4.28	-	-	4.28
Total (i+ii+iii)	16,233.68	2,800.00	-	19,033.68
Change in Indebtedness during the financial year				
Addition	1,402.25	-	-	1,402.25
Reduction	-	(1,600.00)	-	(1,600.00)
Net Change	1,402.25	-	-	(197.75)
Indebtedness at the end of the financial year				
i) Principal Amount	17,575.79	1,200.00	-	18,775.79
ii) Interest due but not paid	53.97	-	-	53.97
iii) Interest accrued but not due	6.17	-	-	6.17
Total (i+ii+iii)	17,635.93	1,200.00	-	18,835.93

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SI.	Particulars of Remuneration		Name of MD/WTD				
No.		Dr. D. R. Rao	Mr. D. Sucheth Rao	Mr. D. Saharsh Rao*	(₹ lacs)		
1.	Gross salary						
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	98.14	72.12	69.19	239.45		
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	14.72	11.40	11.40	37.52		
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-		
2.	Stock Option	-	-	-	-		
3.	Sweat Equity	-	-	-	-		
4.	Commission						
	as % of profit	-	-	-	-		
	Others	-	-	-	-		
5.	Others - Provident Fund	7.20	6.48	6.48	20.16		
	Total (A)	120.06	90.00	87.07	210.06#		
	Ceiling as per the Act		2	80.26			

^{*} Mr. D. Saharsh Rao's reappointment and remuneration was approved by the Central Government for a period of 3 years effective June 1, 2012. The shareholders had vide Special Resolution passed at the Annual General Meeting held on June 24, 2014 and subject to necessary approvals, consented increase in remuneration of Mr. Saharsh Rao from ₹ 53.04 lacs p.a. to ₹ 90 lacs p.a. effective April 1, 2014 for the balance period of his tenure, i.e., up to May 31, 2015. The Company is in the process of obtaining Central Government approval for increase in remuneration of Mr. D. Saharsh Rao.

[#] Excludes Mr. D. Saharsh Rao's remuneration. The remuneration of Mr. D. Saharsh Rao would be regulated by the terms of the Central Government approval being obtained and the same has not been taken into account for calculating the 10% limit under Section 197(1) of the Companies Act, 2013, which on approval could be between 9.39% to 10.60%.

B. Remuneration to other directors:

SI.	Particulars of				Name of	Directors				₹lacs
No.	Remuneration									
1.	Independent Directors	Mr.	Mr. P.V.	Mrs. Bharati	Dr. Will	Mr. S. B.	Dr.	Mr. G. V. K.	Mr.	
		Humayun	Maiya	Rao	Mitchell	Budhiraja ¹	Christopher	Rama Rao ²	Nadeem	
		Dhanrajgir					M. Cimarusti		Panjetan ³	
	Fee for attending board / committee meetings	3.60	3.60	1.40	1.10	0.80	-	-	-	10.50
	Commission	2.00	2.00	2.00	2.00	-	-	-	-	8.00
	Others	-	-	-	-	-	-	-	-	-
	Total (1)	5.60	5.60	3.40	3.10	0.80	-	-	-	18.50
2.	Other Non-Executive Directors									
	Fee for attending board / committee meetings	-	-	-	-	-	1.20	0.60	1.80	3.60
	Commission	-	-	-	-	-	2.00	-	-	2.00
	Others	-	-	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	3.20	0.60	1.80	5.60
	Total (B)=(1+2)	5.60	5.60	3.40	3.10	0.80	3.20	0.60	1.80	24.10
	Total Managerial Remuneration (A+B)									321.234
	Overall Ceiling as per the Act	308.284								

^{*}Notes: 1 Mr. S. B. Budhiraja ceased to be a director w.e.f. May 9, 2014;

C. Remuneration to key managerial personnel other than MD/ Manager/ WTD:

SI.	Particulars of Remuneration	Key Manager	ial Personnel*	₹lacs
No.		Chief Financial Officer	Company Secretary	
1.	Gross salary			
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1964	89.02	11.04	100.06
	b. Value of perquisites u/s 17(2) Income-tax Act, 1964	-	-	
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission as % of profit	-	-	-
	Others	-	-	-
5.	Others: Provident Fund	3.54	0.45	3.99
	Total (A)	92.56	11.49	104.05
	Ceiling as per the Act		N.A.	

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Description Punishment/ Compounding / fees imposed		Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)						
Company, Directors &	Company, Directors & Other Officers in Default										
Penalty											
Punishment	NIL										
Compounding											

² Mr. G. V. K. Rama Rao ceased to be a director w.e.f. August 1, 2014;

³ Paid to the Institution the Director represents, Mr. Nadeem Panjetan ceased to be a director w.e.f. December 08, 2014;

⁴ Total remuneration includes sitting fees paid to the Directors, aggregating to ₹14.10 lacs, to be excluded for the purpose of computing the ceiling limit as per section 197(2) of the Companies Act, 2013. The total remuneration to the directors for the financial year 2014-15 was ₹ 307.13 lacs, which was within the overall ceiling limits of the Act.







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 for the financial year.

Name of the Director	Ratio to median remuneration
Dr. D. R. Rao	37.41
Mr. D. Sucheth Rao	28.05
Mr. D. Saharsh Rao	27.13
Mr. Humayun Dhanrajgir	1.75
Mr. S. B. Budhiraja*	0.25
Mr. P. V. Maiya	1.75
Mr. G. V. K. Rama Rao*	0.19
Mr. Nadeem Panjetan*	0.56
Dr. Will Mitchell	0.97
Dr. Christoper M. Cimarusti	1.00
Mrs. Bharati Rao	1.06

^{*} Mr. S. B. Budhiraja, Mr. G. V. K. Rama Rao and Mr. Nadeem Panjetan ceased to be directors during the year. Hence, remuneration has been considered till the date of cessation during the financial year 2014-15.

ii. the percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year

Name of the Person	% increase in remuneration
Dr. D. R. Rao	155.23%
Mr. D. Sucheth Rao	59.91%
Mr. D. Saharsh Rao	58.74%
Mr. Humayun Dhanrajgir	5.66%
Mr. S. B. Budhiraja	(85.96%)
Mr. P. V. Maiya	(1.75%)
Mr. G. V. K. Rama Rao	(86.67%)
Mr. Nadeem Panjetan	(63.27%)
Dr. Will Mitchell	(20.51%)
Dr. Christoper M. Cimarusti	(25.58%)
Mrs. Bharati Rao	N.A.
Mr. N. S. Viswanathan	12%
Ms. Sarada Bhamidipati	12%

Percentage in brackets represents negative percentage.

- iii. the percentage increase in the median remuneration of employees in the financial year: -0.36%, this is due to number of new recruits at the lower levels.
- iv. the number of permanent employees on the rolls of company: 858
- v. the explanation on the relationship between average increase in remuneration and company performance The increase in remuneration is in line with the market trends. In order to ensure that remuneration reflects company performance, the performance pay is linked to organization performance.

^{*} Mr. S. B. Budhiraja, Mr. G. V. K. Rama Rao and Mr. Nadeem Panjetan ceased to be directors during the year. Hence, remuneration has been considered till the date of cessation during the financial year 2014-15.

vi. comparison of the remuneration of the Key Managerial Personnel (KMP) against the performance of the company

Particulars	₹lacs
Remuneration of KMP during FY 2014-15 (aggregated)	401.18
Revenue from operations	46,470.35
Remuneration (as % of revenue)	0.86%
Profit before tax (PBT)	2,447.71
Remuneration (as % of PBT)	16.39%

vii. variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year.

Particulars	Unit	As at March 31, 2015	As at March 31, 2014	Variation
Closing rate of share at BSE	₹	333.00	260.00	28%
EPS	₹	18.47	32.16	(43%)
Market Capitalization	₹ / lac	29,581.24	19,904.76	49%
Price Earnings ratio	Ratio	18.03	8.08	123%

Percentage in bracket represents negative percentage

The closing share price of the Company at BSE Limited on March 31, 2015 was ₹333 per equity share of face value of ₹10 each compared to the Initial Public Offer in the year 1994 (Issue Price was ₹45 per equity share of face value of ₹10 each).

viii. average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

The average increase in salaries of employees other than managerial personnel in 2014-15 was 13%. Percentage increase in the managerial remuneration for the year was 11%.

ix. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company

Particulars	Chairman &	Whole Time	Whole Time	Chief Financial	Company
	Managing	Director & CEO	Director &	Officer	Secretary
	Director		President		
	₹lacs	₹ lacs	₹ lacs	₹ lacs	₹ lacs
Remuneration	120.06	90.00	87.07	92.56	11.49
Revenue	46,470.35	46,470.35	46,470.35	46,470.35	46,470.35
Remuneration (as % of revenue)	0.26%	0.19%	0.19%	0.20%	0.02%
Profits before tax (PBT)	2,447.71	2,447.71	2,447.71	2,447.71	2,447.71
Remuneration (as % of PBT)	4.90%	3.68%	3.56%	3.78%	0.47%

x. the key parameters for any variable component of remuneration availed by the directors

Members at the AGM of the Company held on August 5, 2011 approved payment of commission to the Non-Executive Directors within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Companies Act, 1956. The said commission is decided each year by the Board of Directors and distributed amongst the Non-Executive Directors based on performance evaluation which is based on contribution at the Board and certain committee meetings, as well as the time spent on operational matters other than at meetings.

xi. the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year

Not applicable.

xii. affirmation that the remuneration is as per the remuneration policy of the Company

The Company affirms that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and Employees.







Statement pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forming part of the Directors' Report for the year ended March 31, 2015

Name	Designation	Nature of Employment	Qualification	Experience (in years)	Date/Month of joining	Age	Previous Employment	Remuneration	% of Shares held in the company	Whether related to any director
Dr. D. R. Rao	Chairman & Managing Director	Permanent	M.Sc. DIIT PhD (Notre Dame), C Chem MRSC (London)	44	January 1984	70	Unique Chemicals, Mumbai	1,20,06,096	0.00	Yes
D. Sucheth Rao	Whole Time Director & CEO	Permanent	B.E., M.B.A. (Notre Dame University, USA)	15	August 2003	39	Cummins, USA	90,00,000	0.00	Yes
D. Saharsh Rao	Whole Time Director & President	Permanent	B.E., M.S. (MIS), MBA (University of California, USA)	11	March 2005	35	Sify Ltd.	87,06,920	0.00	Yes
N. S. Viswanathan*	Chief Financial Officer	Permanent	M.Com., F.C.A.	24	14-Jun- 2010	47	GVK Biosciences	92,55,800	Nil	No
N. Sundar	Vice President - SCM	Permanent	B.E., MBA	27	23-Aug-2006	48	TI Cycles of India	70,03,092	Nil	No
(B) Personnel v	vho are in rec	eipt of rem	uneration agg	regating n	ot less than	₹ 5,0	0,000 per m	onth and em	ployed fo	r part of
the financia	l year:									
K Sheela Reddy	Head-Human Resources	Permanent	M.A., PG Diploma in HR	24	01-Mar-2013	53	Mahindra Satyam	56,24,436	Nil	No
Pradeep Kumar Jain	Head - Manufacturing	Permanent	B. Tech.	24	17-Feb-2015	47	Hikal Ltd	8,02,083	Nil	No

1 None of the employees mentioned above is related to any director of the Company except Dr. D. R. Rao, Mr. D. Sucheth Rao and Mr. D. Saharsh Rao Notes: who are related to each other.

² Remuneration includes salaries, contribution to Provident Fund, Medical reimbursement, LTA, bonus, if any and taxable value of perquisites

Refers to employee drawing remuneration more than the remuneration drawn by whole-time directors but do not hold, by themselves or along with their spouse and dependent children, two percent or more of the equity shares of the Company.

REPORT ON CORPORATE GOVERNANCE

A. MANDATORY REQUIREMENTS

1. Company's Philosophy on Code of Corporate Governance

Neuland's philosophy is to adhere to the highest standards of quality in its products, processes and dealings with its stakeholders and to generate consistent returns to shareholders on a sustainable and long term basis and to ensure accuracy and transparency in financial reporting. Good governance is the combination of practices and compliance with laws and regulations leading to effective control and management of the Organisation. The practices related to good governance stem from the dynamic culture and positive mindset of the Company. The Company's policy is reflected by the very values of transparency, professionalism and accountability.

2. Board of Directors

As at March 31, 2015, in accordance with the Corporate Governance norms, the Company's Board of Directors headed by its Executive Chairman, Dr.D.R.Rao comprised of eight directors, out of which four are Non-Executive Independent Directors including a woman director. None of the Independent Directors of the Company serve as an Independent Director in more than seven listed companies and where any Independent Director is serving as whole time director in any listed company, such director is not serving as Independent Director in more than three listed companies.

The table below provides the information on the Board of Directors required under clause 49 of the Listing Agreement with the Stock Exchanges, as at March 31, 2015:

Category	Name of the Directors	No. of directorships held in other companies#	Number of committee membership held in other companies*	Among the committee memberships held in other companies, number of chairmanships held	No. of Board Meetings attended	Attendance at the last AGM
Promoter	Dr. D. R. Rao ¹	3	-	_	4	Yes
Directors	DIN: 00107737					
	Mr. D. Sucheth Rao ¹	3	-	-	4	Yes
	DIN: 00108880					
	Mr. D. Saharsh Rao ¹ DIN: 02753145	3	-	-	3	Yes
	Mr. G. V. K. Rama Rao ³ DIN: 02855074	_	_	-	2	Yes
Non-Executive Director	Dr. Christopher M. Cimarusti DIN: 02872948	-	-	-	4	No
Independent Non-Executive	Mr. S. B. Budhiraja ² DIN: 00047679	1	-	-	1	N.A.
Director	Mr. Humayun Dhanrajgir DIN : 00004006	8	7	1	4	No
	Mr. P. V. Maiya DIN : 00195847	4	4	2	4	Yes
	Dr. Will Mitchell DIN: 02222567	-	-	-	3 ^{\$}	No
	Mrs.Bharati Rao DIN: 01892516	9	6	-	3	Yes
Nominee Director (EXIM Bank)	Mr. Nadeem Panjetan⁴ DIN : 00686989	1	1	-	3	No

¹ Dr. D. R. Rao, Mr. D. Sucheth Rao and Mr. D. Saharsh Rao are related to each other

² Mr. S. B. Budhiraja ceased to be a director w.e.f. May 9, 2014

³ Mr. G. V. K. Rama Rao ceased to be a director w.e.f. August 1, 2014

 $^{^{\}rm 4}\,$ Mr. Nadeem Panjetan ceased to be a director w.e.f. December 8, 2014

[#] Includes directorship in Private Limited companies; excludes directorship in Foreign Companies

^{*} Only Membership / Chairmanship in Audit and Stakeholders Relationship Committee are considered

⁵ Out of 3 meetings attended 2 meetings through video conference.

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The shareholders at the 30th Annual General Meeting held on June 24, 2015 approved appointment of all the Independent Directors to hold office for five consecutive years. The Company issued letters of appointment to all the Independent Directors and the terms and conditions of their appointment have been disclosed on the website of the Company (www.neulandlabs.com).

As on the date of the report, the Company has five nonexecutive independent directors, including two woman directors.

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-sets 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 (www. neulandlabs.com).

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 (www.neulandlabs.com).

Familiarization Program of Independent Directors

The Independent directors of the Company are eminent personalities having wide experience in the field of business, education, banking, finance, industry, research & development and administration. Their presence on the Board has been advantageous and fruitful in taking business decisions. The Directors appointed by the Board are given induction and orientation with respect to the Company's vision, strategic direction, core values, including ethics, corporate governance practices, financial matters and business operations on a one-to-one basis.

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 etc. Updates on relevant statutory changes encompassing important laws are regularly intimated to the Independent directors.

The Company has a familiarisation programme for Independent Directors with regard to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business models of the Company etc., and the same is available on the website of the Company (www.neulandlabs.com).

Codes / Policies

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

- Code of Business Conduct & Ethics
- Code of Conduct for Directors & Senior Management
- Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders
- Code of Fair Disclosures
- Whistle Blower Policy
- Policy for determining the qualifications, positive attributes and independence of director
- Terms of appointment of Independent Directors
- Vigil Mechanism and Whistle Blower Policy
- **Development and Succession Planning**
- Guidelines for Evaluation of Board and Committees
- Policy for determining Material Subsidiaries
- **Related Party Transaction Policy**

Board Meetings held during the financial year ended March 31, 2015

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year, the Board met four times on May 9, 2014, August 01, 2014, October 29, 2014 and January 30, 2015. The maximum gap between any two Board Meetings was less than one hundred twenty days. All material information was circulated to the directors before the meeting or placed at the meeting, including minimum information required to be made available to the Board under Clause 49 of the Listing Agreement.

Separate Meeting of Independent Directors

During the year under review, a separate Meeting of the Independent Directors of the Company was held on January 30, 2015 as stipulated by the Code of Independent Directors under the Companies Act, 2013 and the revised Clause 49 of the Listing agreement.

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

3. Committees of the Board

a. Audit Committee

Pursuant to the provisions of revised Clause 49 and Section 177 of the Companies Act, 2013, the Board has approved the necessary changes and additional terms to the terms of reference of the Audit Committee as follows:

- 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;
- Recommending to the Board, the appointment, reappointment, remuneration, terms of appointment of auditors of the company and, if required, the replacement or removal of statutory auditors, fixation of audit fees and also approval for payment for any other services;
- c. Reviewing with management, the quarterly and 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 subsection 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 judgment by management;
- iv. significant adjustments made in the financial statements arising out of audit findings;
- v. compliance with listing and other and legal requirements concerning financial statements;
- vi. disclosure of any related party transactions and,
- vii. qualifications in draft audit report;
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval;
- e. Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc), the statement of funds utilized for purpose other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- g. Approval or any subsequent modification of transactions of the company with related parties;
- h. Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;

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- k. Reviewing with the management, performance of statutory and internal auditors, the adequacy and compliance of internal control systems;
- I. 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;
- m. Discussion with internal auditors any significant findings and follow up thereon;
- n. 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;
- o. 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:
- p. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- a. Approval of appointment of CFO (i.e., the wholetime 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.
- r. Authority to investigate into any matter in relation to the items specified in sub-section (4) of Section 177 of the Companies Act 2013 or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the Company;
- s. Appointment of registered valuers; and
- t. 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.
- u. 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;
- v. Any other matters/ authorities / responsibilities / powers assigned as per Companies Act 2013 and Rules made thereunder, as amended from time to time:

Composition, Names of Members and Chairman

The Audit Committee consists of three Independent Directors and one Whole Time Director and the Chairman of the Audit Committee is an Independent Director. All members of the Audit Committee are financially literate, and have related financial management expertise by virtue of their experience and background. During the year, the Committee met four times on the following dates:

October 28, 2014 May 8, 2014 July 31, 2014 January 29, 2015

Name of Member	Meetings attended
Mr. P. V. Maiya, Chairman	4
Mr. Humayun Dhanrajgir	4
Mr. S. B. Budhiraja ¹	1
Mrs. Bharati Rao ²	1
Mr. Nadeem Panjetan ³	3
Mr. D. Sucheth Rao	4

¹ ceased to be director w.e.f. May 9, 2014; ²Appointed as director w.e.f. May 9, 2014; 3ceased to be director w.e.f. December 8, 2014

The Company Secretary acts as the Secretary of the Audit Committee. The Chairman & Managing Director, Wholetime Director & President, the Statutory Auditor, the Internal Auditor, Chief Financial Officer and the Assistant Company Secretary of the Company are also invited to the meetings of the Audit Committee.

b. Nomination and Remuneration Committee

The terms of reference stipulated by the Board of Directors to the Nomination and Remuneration committee as contained in Clause 49 of the Listing Agreement and sub-section (1) of Section 178 of the Companies Act, 2013, are as follows:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
- Formulation of criteria for evaluation of Independent Directors and the Board
- Devising a policy on Board diversity
- Identify 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 their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its Annual report.
- Administer Employee Stock Option Schemes of the Company.

The Nomination and Remuneration Committee consists of three Independent Non-Executive Directors, as under. During the year, the Committee met thrice on the following dates:

May 9, 2014 August 1, 2014 January 30, 2015

Name of Member	Meetings attended
Mr. P.V. Maiya, Chairman	3
Mr. Humayun Dhanrajgir, Member	3
Mr. S. B. Budhiraja*	1
Mrs. Bharati Rao, Member#	1

^{*} Ceased to be a member w.e.f. May 9, 2014; # Appointed as member w.e.f. May 9, 2014

Performance Evaluation

During the year, the Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including the Chairman of the Board. Separate exercise was carried out to evaluate the performance of individual Directors including the Board Chairman who were evaluated on parameters such as attendance, contribution at the meetings and otherwise. The guidelines for evaluation of Board and Committees are available on the website of the Company at www.neulandlabs.com.

Remuneration Policy

The Nomination and Remuneration policy of your Company is a comprehensive policy which is competitive, in line with the industry practices and rewards good performance of the employees of the Company. The Policy is available on the website of the Company at www.neulandlabs.com.

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

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

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

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Directors' Remuneration

The details of remuneration of the Directors for the financial year ended March 31, 2015:

(In ₹ lacs)

Name of Director	Salary	Perquisites and other benefits	Commission	Sitting fee	Total
Dr. D. R. Rao	98.14	21.92	-	N.A	120.06
Mr. D. Sucheth Rao	72.12	17.88	-	N.A	90.00
Mr. D. Saharsh Rao	69.19	17.88	-	N.A	87.07
Mr. Humayun Dhanrajgir	-	-	2.00 ^{\$}	3.60	5.60
Mr. S. B. Budhiraja ¹	-	-	-	0.80	0.80
Mr. P. V. Maiya	-	-	2.00 ^{\$}	3.60	5.60
Mr. G. V. K. Rama Rao ²	-	-	-	0.60	0.60
Mr. Nadeem Panjetan³	-	-	-	1.80	1.80
Mrs. Bharati Rao	-	-	2.00 ^{\$}	1.40	3.40
Dr. Will Mitchell	-	-	2.00 ^{\$}	1.10	3.10
Dr. Christopher M. Cimarusti	-	-	2.00 ^{\$}	1.20	3.20

¹ Mr. S. B. Budhiraja ceased to be a director w.e.f. May 9, 2014

Commission pertaining to FY 2013-14 paid during FY 2014-15

During the year under review, Dr. D. R. Rao, Chairman & Managing Director and Mr. D. Sucheth Rao, Whole Time Director & CEO, were paid commission of ₹49 lacs and ₹27.94 lacs respectively, being commission pertaining to the financial year 2013-14.

Also, during FY 2014-15 the Non-Executive Directors were paid commission of ₹3.50 lacs each aggregating to ₹24.50 lacs pertaining to FY 2013-14.

During FY 2014-15, the Non-Executive Directors were paid Sitting fee of ₹30,000 for attending each meeting of the Board and Audit Committee and ₹20,000 for each meeting of the Nomination and Remuneration committee and Corporate Social Responsibility Committee and ₹10,000 for Stakeholder Relationship Committee. The Independent Directors were paid a fees of ₹20,000 each for the separate meeting of the Independent Directors.

Shareholding of Non-Executive Directors as on March 31, 2015

Name of Director	No. of shares	
Mr. Humayun Dhanrajgir	3286	
Mr. P. V. Maiya	1642	

c. Stakeholders Relationship Committee

During the financial year 2014-15, the Committee met four times on the following dates:

May 8, 2014 July 31, 2014 October 28, 2014 January 29, 2015

Composition and Attendance

Name of Member	Meetings attended
Mr. P. V. Maiya, Chairman	4
Dr. D. R. Rao	4
Mr. D. Sucheth Rao	4

² Mr. G. V. K. Rama Rao ceased to be a director w.e.f. August 1, 2014

³ Paid to the Institution the Director represents, Mr. Nadeem Panjetan ceased to be a director w.e.f. December 8, 2014

⁵ Non-Executive Director Commission for FY 2014-15 was approved by the Board at its meeting held on May 8, 2015

The Company attends to the investors' grievances/ correspondence expeditiously and usually reply is sent within a period of 15 days of receipt.

The Company has received 33 complaints from the shareholders/ Stock Exchange/ SEBI which inter alia, included allotment of Rights shares, non-receipt of dividend warrants and annual reports during the financial year 2014-15. The complaints were gathered by the Company from Registrars and Transfer Agents and from its own sources, which were duly attended to and the Company has furnished necessary documents/ information to the Members. Out of the complaints received during the year, 1 complaint was pending as on March 31, 2015. All have been disposed off to the satisfaction of the Members.

The Stakeholders Relationship Committee reviews the following:

- Transfer/ transmission of shares/ debentures;
- Issue of duplicate share certificate;
- Review of shares dematerialised and all other related matters;
- Monitors expeditious redressal of investors' grievances;
- Non-receipt of Annual Report and declared dividend; and,
- All other matters related to shares/ debentures.

The Registrars & Transfer Agents are completing share transfers once in every 15 days. Requests for share transfer are not pending beyond the stipulated period.

Compliance officer

The Company Secretary is the Compliance Officer for complying with the requirements of the Securities Laws and the Listing Agreements with the Stock Exchanges. She acts as the Secretary to all the sub-committees of the Board.

d. Finance Committee

During the financial year 2014-15 the committe met twice on June 24, 2014 and September 23, 2014.

Name of Member	Meetings attended
Dr. D. R. Rao, Chairman	2
Mr. P. V. Maiya	2
Mr. Humayun Dhanrajgir	-
Mr. D. Sucheth Rao	1
Mr. D. Saharsh Rao	2

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

e. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee met twice on August 1, 2014 and January 29, 2015. It presently consists of the following Directors:

The Committee met twice on August 1, 2014 and January 29, 2015.

Name of Member	Meetings attended
Mr. Humayun Dhanrajgir,	2
Chairman	
Mr. D. Sucheth Rao	2
Mr. D. Saharsh Rao	2
Dr. D. R. Rao^	-

Dr. D. R. Rao has been appointed as the member of the Committee w.e.f January 30, 2015.

Terms of Reference:

- Recommend to the Board, a Corporate Social Responsibility Policy of the Company, including the activities to be undertaken by the Company in conformity with Schedule VII of the Companies Act, 2013 and the Rules thereof.
- Recommend the amount of expenditure to be incurred on CSR activities on an annual basis and
- Monitor the CSR policy of the Company from time to time.

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4. General Body Meetings

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

Year	Date	Day	Time	Venue
2012	August 10, 2012	Friday	2.30 p.m	Grand Ball room, Taj Krishna, Hyderabad
2013	August 02, 2013	Friday	2.30 p.m	Kohinoor, Taj Deccan, Hyderabad
2014	June 24, 2014	Tuesday	2.30 p.m	Grand Ball room, Taj Krishna, Hyderabad

Special Resolutions passed at the last three AGMs

Year	2011-12	2012-13	2013-14
Item	a. Re-appointment of Mr. D. Saharsh Rao as Whole time Director and President-Contract Research for a period of 3 years w.e.f June 1, 2012 and approval for payment of monthly remuneration not exceeding ₹ 4,00,000 in the event of loss or inadequacy of profits in each of the financial years w.e.f June 1, 2012.	a. Re-appointment of Mr. D. Sucheth Rao as Whole time Director and Chief Executive Officer for a period of 5 years w.e.f August 1, 2013 on a remuneration within the overall ceiling limit of 5% of the net profits of the Company as per the Companies Act, 1956.	a. Re-appointment of Dr. D. R. Rao as Chairman and Managing Director of the Company for a period of 5 years w.e.f April 1, 2014 and approval for payment of remuneration of ₹ 98,14,000 as salary and other allowances and perquisites not exceeding ₹ 16,10,000 p.a.
	 b. Approval for payment of monthly remuneration not exceeding ₹4,00,000 to Dr. D. R. Rao, Chairman and Managing Director for a period of two years in the event of loss or inadequacy of profits in each of the financial years w.e.f April 1, 2012. c. Approval for payment of monthly remuneration not exceeding ₹4,00,000 to Mr. D. Sucheth Rao, 		 b. Approval for modification of remuneration payable to Mr. D. Saharsh Rao, Whole Time Director & President- Contract Research, effective April 1, 2014, as under: Salary and other allowances of ₹72,12,000 and perquisites not exceeding ₹11,40,000 p.a. c. Approval for alteration of Clause 112 of the Articles of Association of the Company.
	Whole time Director and CEO for the balance period of his tenure i.e., till July 31, 2013 in the event of loss or inadequacy of profits in each of the financial years w.e.f. April 1, 2012.		

E-Voting / Poll: (Details of E-voting / Poll carried out at AGM)

Pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company has provided the e-voting facility to the members to exercise their right to vote at the 30th Annual General Meeting ("AGM").

E-voting was conducted from 9 A.M. on June 18, 2014 to 6 P.M. on June 20, 2014. The Company has appointed Mr. D. Hanumanta Raju, Partner, D. Hanumanta Raju & Associates, Practising Company Secretaries, as Scrutinizer for conducting the e-voting process for the Annual General Meeting in a fair and transparent manner.

Shareholders representing 58.07% of the total shareholding, 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	Number of valid	No. of shares polled in favour		No. of shares polled against	
No.	votes polled	Favour	%	Against	%
1	44,45,717	44,45,717	100%	0	-
2	44,45,717	44,45,717	100%	0	-
3	44,45,717	44,45,717	100%	0	-
4	44,45,717	44,45,717	99.99%	1	0.01%
5	44,45,717	44,45,717	100%	0	-
6	44,45,717	44,45,717	100%	0	-
7	44,45,717	44,45,717	100%	0	-
8	44,45,717	44,45,717	100%	0	-
9	44,45,717	44,45,717	100%	0	-
10	44,45,717	44,45,717	100%	0	-
11	44,45,717	44,45,717	100%	0	-
12	44,45,717	44,45,717	100%	0	-

No Extraordinary General Meeting of the members was held during the financial year 2014-15.

No special resolutions were required to be passed by the shareholders of the Company through Postal Ballot during the year 2014-2015.

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5. Information in respect of Directors seeking appointment / re-appointment as required under Clause 49 VIII (E) of the Listing Agreement:

Name of the Director	Dr. Christopher M. Cimarusti	Mr. D. Saharsh Rao	Dr. Nirmala Murthy
Date of first appointment	20.10.2009	21.05.2009	08.05.2015
Date of Birth / Age	15.10.1943	07.08.1979	24.06.1946
Expertise in specific functional areas	Drug discovery, development and manufacturing	Information Technology and Marketing	Health Information Systems
Educational Qualifications	PhD in Organic Chemistry and Postdoctoral Research from Columbia University, USA	B.E Masters in MIS from Weatherhead School of Management, Cleaveland,OH. MBA from University of North Carolina, USA	Masters degree in Statistics from Bombay University and Doctorate from the Harvard School of Public Health, Boston, USA
Chairman/ Member of the Committee of the Board of Directors of the Company	None	CSR Committee – Member Finance Committee - Member	None
List of directorships, Committee Chairmanship and membership held in other companies as on May 8, 2015	None	Neuland Health Sciences Pvt Ltd – Director CATO Research Neuland India Pvt Ltd - Director Neuland Pharma Research Pvt Ltd - Director	None
Number of shares held in the Company as on May 8, 2015	Nil	116	Nil

6. Disclosures

a. Related Party Transactions

During the period under review, the Company had not entered into any material transaction with any of its related parties. None of the transactions with any of related parties were in conflict with the Company's interest. Attention of members is drawn to the disclosure of transactions with related parties set out in Note No. 32 of Standalone Financial Statements, forming part of the Annual Report.

The Company's major related party transactions are generally with its holding, subsidiaries and associate companies.

The related party transactions are entered into based on various business requirements, such as synergy in operations and the Company's long-term strategy, optimization of market share, profitability, legal requirements, liquidity and resources of group companies.

All related party transactions are negotiated on an arms-length basis, and are intended to further the Company's interests.

Further, these transactions are also placed in the Audit Committee Meetings for its review. The Company has adopted a Related Party Transaction Policy on October 29, 2014 and the same is available on the Company's website www.neulandlabs.com.

b. Transactions of Non-Executive Directors

Dr.Christopher M Cimarusti has been paid Consultancy fee of USD 2,000 per day for each day spent at the Company's facilities aggregating to USD 20,000. These payments are in accordance with the approval of the shareholders in the Annual General Meeting held on August 5, 2011. Except for the above, the Non-Executive and Independent directors of the Company had no pecuniary relationship or transactions with the Company.

c. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years The Company has complied with the requirements of the stock exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years. No strictures or penalties have been imposed on the Company by the Stock Exchanges or by the Securities and Exchange Board of India (SEBI) or by any statutory authority on any matters relating to the above.

d. Code of Conduct

The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors and senior management. The said Code has been communicated to the Directors and the senior management. The Code has also been posted on the Company's website www. neulandlabs.com.

e. Risk Management

Business risk evaluation and management is an ongoing process within the organization. The Board of Directors reviews the reports of compliance to all applicable laws and regulations on a quarterly basis. Any noncompliance is seriously taken up by the Board and the action taken for rectification of non-compliance is reported to the Board.

f. Issue of Shares on Rights Basis

The Company had issued 12,25,276 equity shares to the existing equity shareholders under Rights Issue vide Letter of offer dated September 22, 2014, in the ratio of 4:25, out of which the Company has allotted 12,22,472 equity shares to the resident shareholders on October 29, 2014, and balance 2,804 equity shares to the non-resident shareholders on December 17, 2014 at a face value of ₹10 each for cash at a price of ₹204 per equity share, including a Share Premium of ₹194 per equity share, aggregating to ₹2499.56 lacs.

g. Accounting treatment

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 2013. The financial statements have

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been prepared on accrual basis under the historical cost convention.

h. Whistle blower Policy

The Company has a Whistle Blower Policy, which is available on Company's website at www.neulandlabs. com. The Company hereby affirms that no personnel has been denied access to the Audit Committee.

i. Compliance on Corporate Governance

The quarterly compliance report has been submitted to the Stock Exchanges where the Company's equity shares are listed in the requisite format duly signed by the Compliance Officer. Pursuant to Clause 49 of the Listing Agreement, certificate from a Company Secretary confirming that the Company is in compliance on conditions of Corporate Governance is published elsewhere in the Annual Report.

j. Management Discussion and Analysis Report forms part of the Report of the Board of Directors.

7. Subsidiary

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 www.neulandlabs.com. The Audited Annual Financial Statements of Subsidiary Companies are tabled at the Audit Committee and Board Meetings.

8. Means of Communication

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

The Company also interacts with the shareholders through other channels of communication such as publication of results, Annual Report, press releases, Analysts Call after the Board Meeting and 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 shareholders.

Quarterly results	The results of the Company are published in the newspapers
Newspapers wherein results normally published	Business Standard / Financial Express and Andhra Prabha
Any website where displayed	www.neulandlabs.com
Whether it also displays official news releases	Yes
Whether the website displays the presentation made to the institutional investors and to the analysts	Yes

9. General Shareholders Information

Annual General Meeting

Date, Time and Venue

Friday, August 14, 2015 at 2.30 p.m. At Grand Ball room, Taj Krishna, Banjara Hills, Hyderabad 500034.

Financial Year

April 1 to March 31

Financial Calendar

Adoption of Quarterly results for the quarter ending	Tentative Dates
June 30, 2015	August, 2015
September 30, 2015	October, 2015
December 31, 2015	February, 2016
March 31, 2016	May, 2016

Book Closure Dates

August 8, 2015 to August 14, 2015 (both days inclusive)

Dividend payment date: On or before September 12, 2015

Listing on Stock Exchanges

The Equity Shares of the Company are presently listed on the following stock exchanges:

BSE Limited (BSE)

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.

National Stock Exchange of India Limited (NSE)

Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 001.

Payment of Listing fees

Annual listing fee for the year 2015-16 has been paid by the Company to BSE and NSE.

Payment of Depository fees

Annual Custody/Issuer fee for the year 2015-16 will be paid by the Company to NSDL and CDSL on receipt of the invoices.

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

The information on Options exercised by the employees during the financial year 2014-15 and other particulars with regard to Employees' Stock Options are set out under Annexure 2 to the Directors' Report.

Stock Code 524558 on BSE NEULANDLAB on NSE

International Securities Identification Number (ISIN) for NSDL & CDSL

INE794A01010

Share price movements 2014-15

		BSE Limited		National Stock Exchange Limited		e Limited	
	Month	High	Low	Closing	High	Low	Closing
2014	April	285.00	244.95	266.45	287.00	245.00	269.05
	May	373.00	266.80	278.80	373.90	260.15	278.25
	June	393.20	280.00	363.95	394.80	280.00	364.85
	July	398.40	316.00	365.25	399.90	315.65	364.95
	August	368.00	270.50	339.65	369.70	270.10	339.40
	September	529.75	336.15	473.05	528.80	336.25	473.15
	October	528.00	425.00	471.15	527.00	410.15	471.40
	November	470.40	394.85	434.45	469.55	383.95	434.65
	December	511.80	408.05	491.55	511.20	409.00	492.75
2015	January	547.00	454.90	462.15	543.00	454.90	463.70
	February	424.00	310.20	328.20	441.50	306.00	328.35
	March	399.00	314.60	333.00	399.00	311.15	332.80

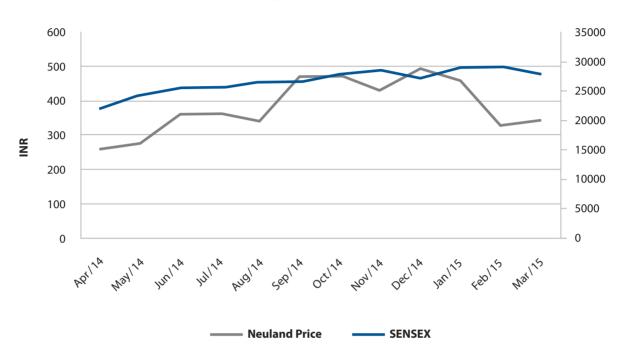








Neuland share price and Sensex movement



Registrar and Transfer Agents

Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032. Tel: +91 40 6716 2222 Toll Free No.: 1-800-3454001 Email: srirama.murthy@karvy.com

Share Transfer System

Share transfers are processed by the Registrar and Transfer Agents and are approved by the Share Transfer Committee.

Dematerialisation of shares

The shares of the Company are in compulsory demat segment. The Company's shares are available for trading in the depository system, of both the National Securities Depository Limited and the Central Depository Services (India) Limited. As on March 31, 2015, the total shares dematerialized were 86,84,713 in both depositories accounting for 97.76% of the share capital of the Company.

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, 2015

No. of Shares	No. of Shareholders	% of shareholders	Total no. of shares held	% of holding
1 - 500	6,083	87.25	6,51,991	7.34
501 - 1000	381	5.46	2,84,445	3.20
1001 - 2000	241	3.46	3,47,141	3.91
2001 - 3000	83	1.19	2,10,767	2.37
3001 - 4000	41	0.59	1,48,918	1.68
4001 - 5000	33	0.47	1,52,145	1.71
5001 - 10000	58	0.83	4,04,108	4.55
10001 & Above	52	0.75	66,83,739	75.24
Total:	6,972	100.00	88,83,254	100.00

Shareholding Pattern as on March 31, 2015

Category of Shareholder	No. of Shareholders	% to total shareholders	No. of shares held	% of Shareholding
Promoters and	14	0.20	45,95,627	51.73
Promoter Group*				
FIs/Banks/MFs/Others	45	0.65	1,32,184	1.49
Bodies Corporate	290	4.16	5,29,869	5.96
Residential Individuals	6,521	93.53	27,07,408	30.48
NRIs/OCBs/ FIIs/ FB	102	1.46	9,18,166	10.34
Total	6,972	100.00	88,83,254	100.00

^{*} As per disclosure under regulation 30(2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, furnished by the promoters.

Plant Locations of the Company

Unit 1	Bonthapally	Unit 2	Plot No. 92-94, 257-259
	Jinnaram Mandal		Industrial Development Area
	Medak District, Telangana		Pashamylaram
			Patancheru Mandal
			Medak District , Telangana

Address for Correspondence

i. Investor Correspondence: For transfer/dematerialisation of shares, payment of dividend on shares, interest 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	To the Depository Participant
Karvy Computershare Private Limited	
Karvy Selenium Tower B, Plot 31-32,	
Gachibowli, Financial District,	
Nanakramguda, Hyderabad – 500 032.	
Tel: +91 40 6716 2222	
Toll Free No.: 1-800-3454001	
Email: srirama.murthy@karvy.com	

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ii. Any query on Annual Report

Ms. Sarada Bhamidipati **Company Secretary**

Neuland Laboratories Limited Sanali Info Park, 'A' Block, Ground floor, 8-2-120/113, Road no.2, Banjara Hills, Hyderabad - 500 034. Phone: +91 40 30211600, 66518682

Fax: +91 40 30211602 e-mail: ir@neulandlabs.com

iii. For investor grievance

e-mail: ir@neulandlabs.com

B. NON-MANDATORY REQUIREMENTS

The Company has complied with the mandatory requirements of corporate governance Clause 49 of the Listing Agreements with the Stock Exchanges.

The Company also complies with the following non mandatory requirements of clause 49 of the Listing Agreement:

- 1. The Company has appointed separate persons to the post of Chairman and Managing Director and CEO.
- 2. The Internal auditor quarterly reports to the Audit Committee.

CMD / CFO CERTIFICATION

We, Dr. D. R. Rao, Chairman & Managing Director and N. S. Viswanathan, 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, 2015 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 compliance with existing accounting standards, applicable laws 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 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 propose to take 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.

For Neuland Laboratories Limited

For Neuland Laboratories Limited

Dr. D. R. Rao Chairman & Managing Director N S Viswanathan Chief Financial Officer

Hyderabad, May 8, 2015











DECLARATION

As provided under Clause 49 of the Listing Agreement with the stock exchanges, the Board Members and the Senior Management personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended March 31, 2015.

For and on behalf of the board

Dr. D. R. Rao Chairman & Managing Director

Hyderabad, May 8, 2015

PRACTICING COMPANY SECRETARY CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of **Neuland Laboratories Limited**

We have examined the compliance of conditions of Corporate Governance by Neuland Laboratories Limited, for the year ended March 31, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange(s). The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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 Partner

Place: Hyderabad ACS No.: 9769 Date: May 8, 2015 C.P. No.: 3829

SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

(FOR THE FINANCIAL YEAR ENDED 31/03/2015)

То

The Members

Neuland Laboratories Limited

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 (here in after called the Company). 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 M/s. NEULAND LABORATORIES LIMITED books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2015 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 filed and other records maintained by the company and the Company for the financial year ended on March 31, 2015 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - 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, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f. The Securities and Exchange Board of India (Registrars to a Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client:
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

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- vi. The company has complied in general with other Laws, rules and regulations and the below mentioned specific laws to the extent applicable to the Company;
 - a. Drugs and Cosmetics Act, 1940
 - b. Narcotic Drugs and Psychotropic Substances Act, 1985
 - c. The Medicinal & Toilet Preparations (Excise Duties) Act, 1955

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India to the extent applicable;
- ii. The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements 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 that took place 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.
- Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
- The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;

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.

We further report that

During the audit period the company Company has come out with "RIGHTS ISSUE" and the Company has complied with the SEBI Regulations on the said Rights Issue. However, there were no other specific other major events such as mentioned below:

- Redemption / buy-back of securities
- Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013
- iii. Merger/amalgamation/reconstruction, etc.
- iv. Foreign technical collaborations

For P. S. RAO & ASSOCIATES

Place: Hyderabad Date: May 8, 2015

P. S. Rao **Partner** ACS No: 9769 C.P. No: 3829

INDEPENDENT AUDITOR'S REPORT

To the Members of Neuland Laboratories Limited

Report on the Standalone Financial Statements

 We have audited the accompanying standalone financial statements of Neuland Laboratories Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("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 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, read with Rule 7 of the Companies(Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

- Our responsibility is to express an opinion on these standalone financial statements based on our audit.
- 4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

- 5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.
- An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
- We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone financial statements.

Basis for Qualified Opinion

8. As stated in note 4 to the standalone financial statements, during the year ended March 31, 2015, the Company recognized revenues from sale of goods amounting to ₹ 290.53 lakhs based on management's assessment of transfer of significant risks and rewards of ownership to the customers. However, in our opinion, such recognition does not meet the conditions enunciated under the Accounting Standard (AS) 9 on "Revenue Recognition" notified under the Companies (Accounting Standards) Rules, 2006. Had the Company followed the principles of AS 9, revenue from operations, profit before tax and tax expense for the year ended March 31, 2015 would have been lower by ₹ 290.53 lakhs, ₹ 130.54 lakhs and

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₹ 44.37lakhs respectively. Further, the trade receivables, current liabilities and reserves and surplus as at March 31, 2015 would have been lower by ₹ 290.53 lakhs, ₹ 144.39 lakhs and ₹ 86.17lakhs and the inventories as at that date would have been higher by ₹ 59.97 lakhs.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

Other Matter

10. The standalone financial statements of the Company as at and for the year ended March 31, 2014 were audited by another auditor who expressed an unmodified opinion on those standalone financial statements vide their report dated May 9, 2014. The balances as at March 31, 2014 as per the audited standalone financial statements, regrouped and / or reclassified wherever necessary, have been considered as opening balances for the purpose of these standalone financial statements.

Report on Other Legal and Regulatory Requirements

- 11. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 12. 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 purpose of our audit;
 - b. except for the effects of the matter described in the Basis for Qualified Opinion paragraph, 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;

- c. the standalone financial statements dealt with by this report are in agreement with the books of account;
- d. except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- e. on the basis of the written representations received from the directors as on March 31, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act;
- f. the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph;
- g. 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. as detailed in Note 35 to the standalone financial statements, the Company has disclosed the impact of pending litigations on its standalone financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Walker Chandiok & Co LLP

Chartered Accountants Firm's Registration No.: 001076N/N500013

per Sanjay Kumar Jain

Place: Hyderabad **Partner** Date: May 8, 2015 Membership No.:207660

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

of even date to the members of Neuland Laboratories Limited, on the financial statements for the year ended March 31, 2015

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
 - (b) The procedures of physical verification of inventory followed by the management needs to be strengthen in relation to the size of the Company and the nature of its business
 - (c) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a) and 3(iii)(b) of the Order are not applicable.

- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services, except in respect of sales returns, which are not being updated in the Company's financial reporting system on timely basis and few instances of capital expenditure being incurred without issue of purchase /work orders. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, salestax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have not been regularly deposited with the appropriate authorities and there have been significant delays in a large number of cases. Undisputed amounts payable in respect thereof, which were outstanding at the yearend for a period of more than six months from the date they became payable are as follows:

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Name of the statute	Nature of the dues	Amount (₹ in lakhs)	Period to which the amount relates	Due Date	Date of Payment
Income Tax Act,	Advance tax	64.98	Financial year 2014-15	June 15, 2014	Not yet paid
1961		194.94	·	September 15,	
				2014	

(b) The dues outstanding in respect of service tax, income-tax, sales-tax, wealth tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (₹ in lakhs)	Amount Paid under protest (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service tax	119.32	55.45	2007-12	High Court of Andhra Pradesh
		5.70	-	2005-08	CESTAT, Bangalore
Income tax Act,	Income tax	1,125.26	1	AY 2008-09	Income Tax
1961		403.09	-	AY 2009-10	Appellate Tribunal
		16.34	-	AY 1998-99	High Court of
		82.70	1	AY 2001-02	Andhra Pradesh
		22.50	-	AY 2002-03	
		6.22	-	AY 2003-04	

- (c) The Company has transferred the amount required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder within the specified time.
- (viii) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.
- (ix) There are no dues payable to debenture-holders.In our opinion, the Company has not defaulted in repayment of dues to banks and financial institutions during the year.
- (x) The Company has not given any guarantees for loans taken by others from banks or financial institutions.

- Accordingly, the provisions of clause 3(x) of the Order are not applicable.
- (xi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.
- (xii) No fraud on or by the Company has been noticed or reported during the year covered by our audit.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per Sanjay Kumar Jain

Place: Hyderabad

Partner

Date: May 8, 2015

Membership No.:207660

BALANCE SHEET as at March 31, 2015

(All amounts in ₹ lakhs except for share data or as otherwise stated)

Particulars	Notes	March 31, 2015	March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	5	895.39	772.63
Reserves and surplus	6	15,087.14	11,487.19
		15,982.53	12,259.82
Non-current liabilities			
Long-term borrowings	7	3,322.15	3,387.00
Deferred tax liabilities (net)	8	1,224.55	1,026.35
Other long term liabilities	9	273.00	293.00
Long-term provisions	10	638.48	513.88
		5,458.18	5,220.23
Current liabilities			
Short-term borrowings	11	14,579.81	13,961.62
Trade payables	12	11,396.60	9,336.80
Other current liabilities	13	3,095.49	6,614.59
Short-term provisions	14	604.31	933.19
		29,676.21	30,846.20
	Total	51,116.92	48,326.25
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	15	12,228.18	13,028.79
Intangible assets	16	79.07	56.56
Capital work-in-progress		4,147.03	3,456.16
Non-current investments	17	766.80	764.41
Long-term loans and advances	18	2,382.91	2,331.65
		19,603.99	19,637.57
Current assets			
Inventories	19	11,340.40	9,341.74
Trade receivables	20	12,884.83	11,859.20
Cash and bank balances	21	648.66	668.12
Short-term loans and advances	18	4,886.64	4,475.95
Other current assets	22	1,752.40	2,343.67
		31,512.93	28,688.68
Total		51,116.92	48,326.25
Notes 1 to 47 form an integral part of these standalone final	ancial statements	51,116.92	

Notes 1 to 47 form an integral part of these standalone financial statements.

This is the Balance Sheet referred to in our report of even date.

For Walker Chandiok & Co LLP **Chartered Accountants**

For and on behalf of Board of Directors of **Neuland Laboratories Limited**

per Sanjay Kumar Jain

Partner

Dr. D.R. Rao Chairman & Managing Director **Humayun Dhanrajgir**

D. Sucheth Rao Director P.V. Maiya

Director

D. Saharsh Rao Director N.S. Viswanathan

Chief Financial Officer

Place: Hyderabad Date: May 8, 2015

Director Sarada Bhamidipati

Company Secretary







STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2015

(All amounts in ₹ lakhs except for share data or as otherwise stated)

Particulars	Notes	March 31, 2015	March 31, 2014
REVENUE			
Revenue from operations (gross)	23	47,186.31	47,472.95
Less: Excise duty		715.96	903.62
Revenue from operations (net)		46,470.35	46,569.33
Other income	24	522.87	341.48
Total revenue		46,993.22	46,910.81
EXPENSES			
Cost of raw-materials consumed	25	26,641.78	24,644.22
Changes in inventory of finished goods and work-in-progress	26	(2,242.89)	12.80
Employee benefits expense	27	4,896.61	3,625.51
Finance costs	28	2,734.86	2,455.16
Depreciation and amortisation charge	15 and 16	1,531.98	1,493.86
Manufacturing expenses	29	5,563.22	4,842.24
Other expenses	30	5,419.95	6,414.66
Total expenses		44,545.51	43,488.45
Profit before exceptional items and tax		2,447.71	3,422.36
Exceptional item	31	-	-
Profit before tax		2,447.71	3,422.36
Tax expense			
Current tax		671.38	716.70
Deferred tax expense		198.20	755.61
MAT Credit entitlement		-	(716.70)
Profit for the year		1,578.13	2,666.75
Earnings per equity share [EPES]	36		
Par value ₹ 10 per share			
Basic (in ₹)		18.47	32.16
Diluted (in ₹)		18.47	32.15

Notes 1 to 47 form an integral part of these standalone financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For Walker Chandiok & Co LLP

Chartered Accountants

per Sanjay Kumar Jain

Partner

For and on behalf of Board of Directors of **Neuland Laboratories Limited**

Dr. D.R. Rao Chairman & Managing Director

> **Humayun Dhanrajgir** Director

P.V. Maiya Director

D. Sucheth Rao

Director

Director N.S. Viswanathan **Chief Financial Officer**

D. Saharsh Rao

Place: Hyderabad Sarada Bhamidipati **Company Secretary** Date: May 8, 2015

CASH FLOW STATEMENT for the year ended March 31, 2015 (All amounts in ₹ lakhs except for share data or as otherwise stated)

Particulars	March 31, 2015	March 31, 2014
Cash flows from operating activities		
Profit before tax	2,447.71	3,422.36
Adjustments:		
Depreciation and amortisation expense	1,531.98	1,493.86
Provision for employee benefits	132.69	87.53
Reversal of earlier year provisions	(2.39)	(0.33)
Provision for doubtful receivables, net	149.34	148.18
Interest income	(78.12)	(81.49)
Interest expenses	1,832.71	1,698.74
Loss on sale of asset	33.64	14.33
Unrealised foreign exchange loss, net	34.73	78.43
Operating profit before working capital changes	6,082.29	6,861.61
	(, , , , , , , , , , , , , , , , , , ,	4
Increase in inventories	(1,998.66)	(124.89)
Increase in trade receivables	(1,209.70)	(2,142.87)
(Increase) / decrease in long-term loans and advances	(171.87)	4.09
Increase in short-term loans and advances	(978.40)	(900.21)
Increase in other current assets	(285.45)	(312.53)
Increase in trade payables	2,059.80	574.13
Increase / (decrease) in other current liabilities	(1,270.16)	1,266.81
Decrease in long-term liabilities	(20.00)	(40.00)
Cash generated from operating activities	2,207.85	5,186.14
Income taxes paid	(901.32)	(333.31)
Net cash generated from operating activities	A 1,306.53	4,852.83
Cash flows from investing activities		
Purchase of tangible assets	(1,475.88)	(1,145.27)
Purchase of intangible assets	(68.62)	(41.45)
Proceeds from sales of tangible assets	80.94	67.78
Interest received	22.55	34.20
Increase in other bank balances	27.84	106.63
	B (1,413.17)	(978.11)
6.10 (6.1)		
Cash flows from financing activities	2.501.76	10.20
Proceeds from issue of share capital	2,501.76	10.20
Share issue expenses	(89.73)	-
Proceeds from long-term borrowings	2,106.00	(0 = 10 0 1)
Repayment of long-term borrowings	(2,958.07)	(2,762.96)
Proceeds from short-term borrowings, net	618.19	652.02
Interest paid	(1,796.59)	(1,667.14)
Dividends paid (including tax on distributed profits)	(266.54)	(106.62)
	C 115.02	(3,874.50)
Net increase in cash and cash equivalents (A+B+C	8.38	0.22











Particulars	March 31, 2015	March 31, 2014
Cash and cash equivalents as at the beginning of the year	23.17	22.95
Cash and cash equivalents as at the end of the year	31.55	23.17
Note 1:		
Cash and bank balances as per Note 21	648.66	668.12
Less: Other bank balances	617.11	644.95
Total Cash and cash equivalents	31.55	23.17

This is the Cash flow statement referred to in our report of even date.

For Walker Chandiok & Co LLP

Chartered Accountants

per Sanjay Kumar Jain

Place: Hyderabad

Date: May 8, 2015

Partner

For and on behalf of Board of Directors of **Neuland Laboratories Limited**

Dr. D.R. Rao Chairman & Managing Director

Humayun Dhanrajgir

Director

Sarada Bhamidipati **Company Secretary**

D. Sucheth Rao Director

> P.V. Maiya Director

D. Saharsh Rao Director

N.S. Viswanathan Chief Financial Officer

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

(All amounts in ₹ lakhs except for share data or as otherwise stated)

1. COMPANY OVERVIEW

Neuland Laboratories Limited ("the Company" or "NLL") is a public company domiciled in India and incorporated in accordance with the provisions of Companies Act, 1956. Its shares are listed on two stock exchanges in India. The Company is engaged in manufacturing and selling of bulk drugs and caters to both domestic and international markets.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of standalone financial statements

The standalone financial statements are prepared under historical cost convention in accordance with the generally accepted accounting principles in India ("Indian GAAP"), including the Accounting Standards specified under Section 133 of the Companies Act, 2013 (the "Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), pronouncements of The Institute of Chartered Accountants of India ('ICAI'). The financial statements have been prepared on an accrual basis and the accounting policies applied by the Company are consistent with those used in the prior period.

Pursuant to the enactment of the Act, effective April 1, 2014 the Company has adopted Schedule III of the Act, for preparation and presentation of the standalone financial statements. In relation to the Company, the adoption of Schedule III neither impact recognition and measurement principles followed in preparation nor presentation and disclosures made in the financial statements.

All 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 Schedule III to the Act. Based on the nature of business, the Company has ascertained its operating cycle as up to twelve months for the purpose of current and non-current classification of assets and liabilities.

b. Use of estimates

The preparation of the standalone financial statements

in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the standalone financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for trade receivables, doubtful loans and advances, future obligations under employee retirement benefit plans, income taxes, classification of assets and liabilities into current and non-current and the useful lives of fixed assets.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

c. Fixed assets

Fixed assets are stated at cost, except in respect of certain land, buildings, plant & machinery which are shown at re-valued values, less accumulated depreciation, amortization and impairment losses, if any. Cost comprise of purchase price, freight, non-refundable duties, taxes and any other cost attributable to bringing the asset to its working condition for its intended use. Assets retired from active use and held for disposal are stated at their estimated net realisable values or net book values, whichever is lower.

Exchange rate variations relating to long-term foreign currency monetary items, which are utilized in acquisition of a depreciable capital assets are added to or deducted from the cost of the asset and depreciated over the remaining useful life of the asset.

d. Borrowing costs

Borrowing costs that are attributable to the acquisition and construction of a qualifying asset are capitalised as a part of the cost of the asset. Other borrowing costs are recognised as an expense in the year in which they are incurred.

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(All amounts in ₹ lakhs except for share data or as otherwise stated)

e. Depreciation

Depreciation is provided on straight line method ('SLM') based on useful lives of the assets as estimated by management which coincides with rates prescribed under Schedule II to the Act.

Depreciation on sale/deduction from fixed assets is provided for up to the date of sale /deduction as the case may be.

f. Intangible assets

Intangible assets are stated at cost of acquisition less accumulated amortization. Computer software expenditure is amortized over a period of three years on straight line method.

g. Impairment of assets

The carrying amounts of assets, both tangible and intangible, are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

h. Investments

Investments that are readily realizable and intended to be held for not more than a year and current maturities of long-term investments are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the long-term investments.

i. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the collectability is reasonably assured.

Sale of goods:

Revenue from sale of goods is accounted for when significant risks and rewards are transferred to buyers, which generally coincide with the dispatch of goods from the factory premises, or when delivery is delayed at the buyer's request and the buyer takes title and accepts the invoice. Revenue is inclusive of excise duty but net of sales tax, trade discounts and returns.

Sale of services:

Revenue from sale of services is recognized as per the terms of contracts with customers when the related services are performed, when the agreed milestones are achieved and when the Company completes all its performance obligations.

Export entitlements:

Export entitlement / incentives are recognised when the right to receive credit is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds and utilization of export incentives within its validity period.

Interest income:

Interest income is recognized on the time proportion basis taking into account the amount outstanding and the interest rate applicable.

Dividend income:

Dividend income is recognized when the right to receive the payment is established.

Inventories

Raw material, stores and spare parts are carried at cost. Cost includes purchase price excluding taxes those are subsequently recoverable from the concerned authorities, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. Cost of inventories is determined using the weighted average cost method.

The carrying cost of raw materials, stores and spare parts are appropriately written down when there is a decline in replacement cost of such materials and finished products in which they will be incorporated are expected to be sold below cost.

Finished goods and work in progress are valued at the lower of cost and net realizable value. Cost of work in progress and manufactured finished goods is determined on weighted average basis and comprises cost of direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Excise duty liability is included in the valuation of closing inventory of finished goods.

k. Employee benefits

Provident Fund

The Company contributes to the provident fund maintained by the Regional Provident Fund Commissioner, in accordance with the Employees Provident Fund and Miscellaneous Provision Act, 1952. The provident fund plan is a defined contribution plan and contribution paid is recognised as an expense in the period in which it becomes due. There are no other obligations of the Company other than the contributions made to the fund.

Gratuity

Gratuity is a post-employment defined benefit obligation. An independent actuary, using the projected unit credit method calculates the defined benefit obligation annually. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to the statement of profit and loss in the period in which such gains or losses arises.

Employee state insurance

The Company contributes to the Employees State Insurance Fund maintained by the respective state authorities, in accordance with Employees State Insurance Act, 1948. The plan is a defined contribution plan and contribution paid or payable is recognised as an expense in the period in which it becomes due. There are no other obligations of the Company other than the contributions made to the funds.

Compensated absences

The Company measures the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of

the unused entitlement that has accumulated at the balance sheet date. An independent actuary, using the projected unit credit method calculates the defined benefit obligation annually. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to the statement of profit and loss in the year in which such gains or losses arises.

Employee share based payments

Recognition, measurement and disclosures relating to employee stock compensation is done in accordance with the guidance note on accounting for Employee Share-based Payments ("the Guidance Note"), issued by the ICAI. The Company uses intrinsic value method for the purposes of measurement of compensation cost and the fair value method for the purposes of additional disclosures in the financial statements. An independent valuer determines the intrinsic value of the underlying shares as on the date of the grant and compensation expenses, where applicable, are recognized as deferred employee stock compensation and is charged to statement of profit and loss using the straight line method over the vesting period.

I. Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported at year-end rates. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences

Exchange differences arising on the settlement of

OUR NEW LAND OF OPPORTUNITIES & A M (1)









(All amounts in ₹ lakhs except for share data or as otherwise stated)

foreign currency monetary items or on reporting monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

m. Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

Unrecognized deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain or virtually certain, as the case may be that future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets are reviewed at each balance sheet date.

The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the ICAI, the said asset is created by way of a credit to the Statement of profit and loss and shown as MAT credit entitlement.

n. Earnings per equity share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

o. Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event i.e., it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A disclosure of the contingent liability is made when there is a possible or a present obligation that may, but probably will not, require an outflow of resources.

p. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

q. Cash and cash equivalents

Cash and cash equivalents in the balance sheet

comprise cash at bank and in hand and short-term investments with original maturity of less than three months.

3. Change in accounting estimate

Hitherto, depreciation on all tangible fixed assets was provided on straight line method over the estimated useful lives using the rates prescribed under erstwhile Schedule XIV of the Companies Act, 1956. Effective April 1, 2014, in accordance with the requirements to Schedule II of the Act, the Company has re-assessed the useful lives and adopted the rates prescribed under Schedule II and accordingly, depreciation on the tangible fixed assets for the year ended March 31, 2015 is lower by ₹ 33.59 and further an amount of ₹ 88.03 and ₹ 10.73

has been charged to the opening balance of the general reserve and revaluation reserve in respect of the assets whose remaining useful life is nil as at April 1, 2014 in accordance with Schedule II of the Act.

4. During the year ended March 31, 2015 the Company had recognized revenues aggregating to ₹ 3,837.43 under the "Bill and Hold" basis. Of the aforesaid amount, goods amounting to ₹ 1,196.31 were shipped to the customers before the year end. In respect of revenues aggregating to ₹ 290.53, the revenue has been recognised based on management's assessment of implicit compliance with the Bill and Hold criteria as stated under Accounting Standard (AS) 9 "Revenue Recognition" as notified under the Companies (Accounting Standards) Rules, 2006.

5. Share capital

	March 31, 2015		March 31,	2014
	Number	Amount	Number	Amount
Authorized share capital				
Equity shares of ₹ 10 each	1,00,00,000	1,000.00	1,00,00,000	1,000.00
Cumulative redeemable preference shares of ₹ 100 each	3,00,000	300.00	3,00,000	300.00
Cumulative or Non cumulative and redeemable or otherwise preference shares of ₹ 100 each	3,00,000	300.00	3,00,000	300.00
Issued share capital				
Equity shares of ₹ 10 each	90,76,799	907.68	78,49,223	784.92
Subscribed share capital				
Equity shares of ₹ 10 each	8,86,530	898.65	77,58,954	775.90
Paid-up share capital				
Equity shares of ₹ 10 each	88,83,254	888.33	76,55,678	765.57
Add: Forfeited equity shares		7.06		7.06
	88,83,254	895.39	76,55,678	772.63

(a) Reconciliation of shares

	March 31, 2015		March 31, 2014	
	Number	Amount	Number	Amount
Equity shares of ₹ 10 each				
Balance at the beginning of the year	76,55,678	765.57	76,44,978	764.50
Add: Issued during the year (refer note (e) below)	12,25,276	122.53	-	-
Add: Shares issued under the employee stock option plan ("ESOP")	2,300	0.23	10,700	1.07
Balance at the end of the year	88,83,254	888.33	76,55,678	765.57

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(All amounts in ₹ lakhs except for share data or as otherwise stated)

(b) Terms and rights 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 dividend proposed by the Board of Directors is subject to prior consent from banks and the approval of the shareholders in the ensuing general meeting.

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.

(c) Shareholders holding more than five percent shares in the Company

	March 31, 2015		March 31, 2014	
	Number	%	Number	%
Equity shares of ₹ 10 each				
Neuland Health Sciences Private Limited ("NHSPL")	45,90,608	51.68%	38,31,679	50.05%
Unipharm Limited	6,00,000	6.75%	6,00,000	7.84%

(d) Details of shares held by holding company and its subsidiaries

	March 31, 2015		March 31, 2014	
	Number	Amount	Number	Amount
Equity shares of ₹ 10 each				
NHSPL	45,90,608	459.06	38,31,679	383.17

(e) Issue of equity shares

During the year, the Company issued 12,25,276 equity shares of ₹ 10/- each at a premium of ₹ 194 on rights basis to its existing shareholders in the ratio of 4 equity shares for every 25 shares held. The said shares were fully subscribed. Accordingly, the funds raised aggregating to ₹ 2,499.56 have been entirely utilized towards the objects of the issue as on March 31, 2015.

(f) Employee stock option scheme ("ESOP")

Pursuant to the resolution passed by the Board of Directors and members of the Company at their General Meeting held on July 20, 2007, the Company had introduced Employee Stock Option Scheme ("the scheme") for permanent employees and Directors of the Company and of its subsidiaries, as may be decided by the Remuneration and Compensation Committee/Board. The scheme provides that the total number of options granted there under will be not more than 3% of the paid-up capital. Each option, on exercise, is convertible into one equity share of the Company having face value of ₹ 10 each. Pursuant to a resolution passed by the Remuneration and Compensation Committee on November 17, 2008, 34,500 options have been granted at an exercise price of ₹ 104 per equity share, which is also the market price as on the date of the grant. Accordingly, the Company has not recognized any expense on account of grant of stock options.

(ii) Changes in number of shares representing stock options outstanding as at the year ended on March 31, 2015. were as follows:

	Scheme
Outstanding options as at April 1, 2013	19,000
Granted during the year	-
Exercised	10,700
Lapsed	1,000
Outstanding options as at March 31, 2014	7,300
Exercised	2,300
Lapsed	2,500
Outstanding options as at March 31, 2015.	2,500

Pursuant to the rights issue during the year ended March 31, 2013, the Company has revised the exercise price of each stock option to $\stackrel{?}{\sim} 95.34$ from $\stackrel{?}{\sim} 104.00$ (pre-rights) under the existing scheme.

6. Reserves and surplus

	March 31, 2015	March 31, 2014
Capital reserve	3.32	3.32
Securities premium reserve		
Balance at the beginning of the year	4,343.41	4,334.28
Add: Additions during the year	2,379.00	9.13
Less: Share issue expenses	(89.73)	-
Balance at the end of the year	6,632.68	4,343.41
General reserve		
Balance at the beginning of the year	2,719.88	2,453.20
Add: Transfer from surplus in statement of profit and loss	157.81	266.68
Less: Adjustment (Refer note:3)	(88.03)	-
Balance at the end of the year	2,789.66	2,719.88
Revaluation reserve		
Balance at the beginning of the year	94.62	103.13
Less: Depreciation on revalued assets	(7.02)	(8.51)
Less: Adjustment (Refer note:3)	(10.73)	-
Balance at the end of the year	76.87	94.62
Surplus in the statement of profit and loss		
Balance at the beginning of the year	4,325.96	2,192.82
Add: Profit for the year	1,578.13	2,666.75
Less: Proposed equity dividend [₹ 1.5 (March 31, 2014: ₹ 3) per equity share]	(133.25)	(229.67)
Less: Tax on proposed equity dividend	(26.65)	(37.26)
Less: Tax on proposed equity dividend (earlier years)	(1.77)	-
Less: Transferred to general reserve	(157.81)	(266.68)
Balance at the end of the year	5,584.61	4,325.96
	15,087.14	11,487.19







Long-term borrowings

	March 31, 2015	March 31, 2014
Secured		
Term loans		
From banks	2,396.60	1,558.44
From other parties	487.50	936.75
Vehicle loans from banks	111.88	52.86
	2,995.98	2,548.05
Unsecured		
Loans from related parties	1,200.00	2,500.00
	4,195.98	5,048.05
Less: Current maturities of long-term borrowings (Refer note 13)	873.83	1,661.05
	3,322.15	3,387.00

(a) Terms and conditions of secured loans and nature of security

- Term loans amounting to ₹ 396.37 (March 31, 2014: ₹ 1,558.44) is secured by the pari-passu first charge on the fixed assets and second charge (hypothecation) on the current assets of the Company. Pari-passu second charge on the shares of Andhra Pradesh Gas Power Corporation Limited ("APGPCL") subordinate to the first charge created in favour of APGPCL and personal guarantees extended by Dr. D.R.Rao and Mr. D. Sucheth Rao. The loan is further secured by the corporate guarantee given by NHSPL and Neuland Pharma Research Private Limited ('NPRPL'), paripassu charge of 2,00,000 equity shares of the Company held by NHSPL and creation of charge on certain immovable properties belonging to NPRPL as collateral security.
- Term loans amounting to ₹ 2,000.00 (March 31, 2014: ₹ Nil) is secured by the pari-passu first charge on the fixed assets and second charge (hypothecation) on the current assets and shares of APGPCL held by the Company and personal guarantees extended by Dr. D. R. Rao and Mr. D. Sucheth Rao. The loan is further secured by the corporate guarantee given by NHSPL and NPRPL, first pari-passu charge on fixed assets belonging to NPRPL and 2,00,000 equity shares of the Company held by NHSPL.
- (iii) Term loans amounting to ₹ 487.50 (March 31, 2014: ₹ 636.75) is secured by first pari-passu charge by way of mortgage and hypothecation over all fixed assets (excluding of assets that are specifically charged), both present and future, of the Company, exclusive charge on the lease rental received by the Company on its movable plant and machinery leased to NPRPL and personal guarantees extended by Dr. D.R.Rao and Mr. D. Sucheth Rao. The loan is further secured by the first pari passu charge over fixed assets of NPRPL and the corporate guarantee given by NPRPL. Further term loan of ₹ Nil (March 31, 2014: ₹ 300) is also secured by the second pari-passu charge on entire current assets of the Company, both present and future.
- (iv) Vehicles loans are secured by hypothecation of specific vehicles against which the loan is availed.
- All the above loans carry interest in the range of 13.70% to 14.75% per annum.
- (vi) Details of repayment of secured long-term borrowings

	March 31, 2015	March 31, 2014
Up to 1 year	873.83	1,661.05
From 1 to 3 years	1,528.89	868.25
3 years and above	593.26	18.75
	2,995.98	2,548.05

(b) Terms and conditions of unsecured loans

Represents inter-corporate deposits availed from NHSPL and NPRPL repayable in five years from the date of disbursement i.e., December 11, 2012 and carries an interest rate of 0.0001% per annum.

8. Deferred tax liability, net

	March 31, 2015	March 31, 2014
On account of depreciation	1,962.96	2,062.34
On account of unabsorbed depreciation and business losses	-	(443.03)
On account of employee benefits and others	(738.41)	(592.96)
Net deferred tax liability	1,224.55	1,026.35

9. Other long-term liabilities

	March 31, 2015	March 31, 2014
Deposits received	233.00	233.00
Others	40.00	60.00
	273.00	293.00

10. Long-term provisions

	March 31, 2015	March 31, 2014
Provision for gratuity	546.65	450.67
Provision for leave benefits	91.83	63.21
	638.48	513.88

(a) Gratuity

The Company has subscribed to a group gratuity scheme of Life Insurance Corporation of India (LIC). 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 upto a maxmium limit of $\rat{10}$.

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.

(i) Change in projected benefit obligation

	March 31, 2015	March 31, 2014
Projected benefit obligation at the beginning of the year	503.76	479.43
Service cost	61.50	50.87
Interest cost	46.09	39.31
Actuarial (gain) / loss	38.98	(28.03)
Benefits paid	(42.06)	(37.82)
Projected benefit obligation at the end of the year	608.27	503.76

(ii) Change in plan assets

	March 31, 2015	March 31, 2014
Fair value of plan assets at the beginning of the year	14.01	13.86
Expected return on plan assets	1.24	0.15
Employer contributions	2.38	-
Fair value of plan assets at the end of the year	17.63	14.01

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(All amounts in ₹ lakhs except for share data or as otherwise stated)

(iii) Reconciliation of present value of obligation on the fair value of plan assets

	March 31, 2015	March 31, 2014
Present value of projected benefit obligation at the end of the year	608.27	503.76
Funded status of the plans	17.63	14.01
Net liability recognised in the balance sheet	590.64	489.75

(iv) Expense recognized in the statement of profit and loss

	March 31, 2015	March 31, 2014
Service cost	61.50	50.87
Interest cost	46.09	39.31
Expected returns on plan assets	(1.24)	(0.15)
Recognized net actuarial (gain)/ loss	38.98	(28.03)
Net gratuity costs	145.33	62.00

(v) Key acturial assumptions

	March 31, 2015	March 31, 2014
Discount rate	7.80%	9.15%
Expected return on plan assets	8.00%	8.00%
Salary escalation rate	4.00%	4.00%

(vi) Amounts for the current and previous four periods are as follows:

Particulars	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Defined benefit obligation	608.27	503.76	497.43	398.70	321.70
Planned assets	17.63	14.01	13.86	22.40	49.50
Surplus / (deficit)	(590.64)	(489.75)	(465.57)	(376.30)	(272.20)
Experience adjustments to planned assets / (liabilities)	-	-	-	-	-

11. Short-term borrowings

	March 31, 2015	March 31, 2014
Loans repayable on demand		
Secured		
From		
Banks	14,579.81	13,659.95
Others parties	-	1.67
Unsecured		
From		
Loans and advances from related parties	-	300.00
	14,579.81	13,961.62

- (a) Loans repayable on demand represents cash credit, packing credit and foerign bill discounting facility availed with various banks and carry interest linked to the respective Bank's prime / base lending rate, and range from 3.90% to 14.75% per annum.
- (b) Loans repayable on demand aggregating to ₹ 14,579.81 (March 31, 2014: ₹ 13,659.95) are secured by way of first charge on all the current assets of the Company and pari-passu second charge on Company's fixed assets and shares of APGPCL subordinate to the first charge created in favour of APGPCL and personal guarantees extended by Dr. D.R.Rao and Mr. D. Sucheth Rao. The loan is further secured by the corporate guarantee given by NHSPL and NPRPL, pari-passu charge of 2,00,000 equity shares of the Company held by NHSPL and creation of charge on first pari-passu basis on certain immovable properties belonging to NPRPL.
- (c) Unsecured loan represents loan repayable on demand availed from NHSPL and carries an interest rate of 0.0001% per annum.

12. Trade payables

	March 31, 2015	March 31, 2014
Sundry creditors		
Dues to micro and small enterprises [Refer (a) below]	7.71	2.60
Dues to others	11,388.89	9,334.20
	11,396.60	9,336.80

(a) The management has identified creditors covered by Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA). Accordingly, disclosures in respect of the amounts payable to such enterprises as at March 31, 2015 has been made in note 38 to the standalone financials statements and such disclosures is based on information received and available with the Company.

13. Other current liabilities

	March 31, 2015	March 31, 2014
Current maturities of long-term borrowings	873.83	1,661.05
Interest accrued but not due	60.14	24.02
Advance from customers	316.41	2,018.50
Due to group companies	423.61	1,401.05
Employee related liabilities	395.49	263.76
Statutory liabilities	784.38	604.69
Book overdraft	210.53	446.86
Unclaimed dividends	7.85	5.69
Others	23.25	188.97
	3,095.49	6,614.59

14. Short-term provisions

	March 31, 2015	March 31, 2014
Provision for gratuity	43.99	39.08
Provision for leave encashment	54.90	51.72
Provision for income tax	345.52	572.97
Provision for wealth tax	-	2.49
Proposed dividends on equity shares including dividend distribution tax	159.90	266.93
	604.31	933.19









15. Tangible assets

	Land	Buildings	Plant and equipment	Lab equipment	Furniture & fixtures	Vehicles	Computers	Total
Gross block								
Balance as at April 1, 2013	275.06	5,518.15	15,896.72	1,965.01	73.04	678.88	312.24	24,719.10
Additions	-	103.40	831.67	-	2.14	2.96	52.31	992.48
Disposals	-	-	-	0.43	-	133.69	-	134.12
Foreign exchange fluctuation	-	7.85	18.70	56.58	0.43	-	-	83.56
Balance as at March 31, 2014	275.06	5,629.40	16,747.09	2,021.16	75.61	548.15	364.55	25,661.02
Additions	-	92.99	593.31	-	4.46	126.92	87.94	905.62
Disposals	-	-	32.87	-	-	306.48	123.50	462.85
Balance as at March 31, 2015	275.06	5,722.39	17,307.53	2,021.16	80.07	368.59	328.99	26,103.79
Accumulated depreciation								
Up to April 1, 2013	-	1,344.72	8,545.33	789.69	38.91	251.88	235.49	11,206.02
Depreciation charge	-	185.30	1,045.99	164.03	3.84	53.27	25.79	1,478.22
Reversal on disposal	-	-	-	0.41	-	51.60	-	52.01
Up to March 31, 2014	-	1,530.02	9,591.32	953.31	42.75	253.55	261.28	12,632.23
Depreciation charge	-	176.79	1,048.83	156.53	7.28	60.27	44.04	1,493.74
Adjustment (Refer note: 3)	-	-	80.43	-	0.53	2.09	14.86	97.91
Reversal on disposal	-	-	22.44	-	-	205.89	119.94	348.27
Up to March 31, 2015	-	1,706.81	10,698.14	1,109.84	50.56	110.02	200.24	13,875.61
Net block								
Balance as at March 31, 2014	275.06	4,099.38	7,155.77	1,067.85	32.86	294.60	103.27	13,028.79
Balance as at March 31, 2015	275.06	4,015.58	6,609.39	911.32	29.51	258.57	128.75	12,228.18

(ii) Fixed Assets include assets given on lease as under:

	Plant and equipment	Computers	Total
Gross block			
Balance as at April 1, 2013	1,403.12	28.02	1,431.14
Balance as at March 31, 2014	1,403.12	28.02	1,431.14
Balance as at March 31, 2015	1,403.12	28.02	1,431.14
Accumulated depreciation			
Up to April 1, 2013	342.45	15.40	357.85
Depreciation charge	89.11	4.01	93.12
Up to March 31, 2014	431.56	19.41	450.97
Depreciation charge	189.35	2.00	191.35
Adjustment	21.73	3.19	24.92
Up to March 31, 2015	642.64	24.60	667.24
Net block			
Balance as at March 31, 2014	971.56	8.61	980.17
Balance as at March 31, 2015	760.48	3.42	763.90

16. Intangible assets

	Computer	Total
	software	
Gross block		
Balance as at April 1, 2013	151.48	151.48
Additions	41.45	41.45
Balance as at March 31, 2014	192.93	192.93
Additions	68.62	68.62
Balance as at March 31, 2015	261.55	261.55
Accumulated amortisation		
Up to April 1, 2013	112.22	112.22
Amortization charge	24.15	24.15
Up to March 31, 2014	136.37	136.37
Amortization charge	45.26	45.26
Adjustment (Refer note: 3)	0.85	0.85
Up to March 31, 2015	182.48	182.48
Net block		
Balance as at March 31, 2014	56.56	56.56
Balance as at March 31, 2015	79.07	79.07











17. Non-current investments

Non-current investments		
	March 31, 2015	March 31, 2014
Investments in equity instruments, Trade, Unquoted		
Investments in subsidaries		
3,00,000 (March 31, 2014: 3,00,000) representing 100% (March 31, 2014: 100%) fully paid-up, equity shares of Japan Yen 10 each in Neuland Laboratories K.K., Japan	15.37	15.37
1,000 (March 31, 2014: 1,000) representing 100% (March 31, 2014: 100%) fully paid-up, equity shares of US\$ 1 each in Neuland Laboratories Inc., USA	0.45	0.45
35,000 fully paid-up shares of ₹ 10 each and 872,193 equity shares of ₹ 10 each, ₹ 1 paid-up (March 31, 2014: 35,000 fully paid-up shares of ₹ 10 each and 872,193 equity shares of ₹ 10 each, ₹ 1 paid-up) representing 24% (March 31, 2014: 24%) in CATO Research Neuland India Private Limited	12.22	12.22
Total investments in equity instruments, Trade (A)	28.04	28.04
Investment in Government Securities, Non-Trade (B)	1.61	1.61
Investments in equity instruments, Others, Trade, Unquoted		
2,200 (March 31, 2014: 2,200) fully paid-up, shares of ₹ 100 each in Jeedimetla Effluent Treatment Limited.	2.20	2.20
2,09,136 (March 31, 2014: 2,09,136) fully paid-up, shares of ₹ 10 each in Pantancheru Enviro-Tech Limited.	20.91	20.91
4,02,000 (March 31, 2014: 4,02,000) fully paid-up of ₹ 10 each in Andhra Pradesh Gas Power Corporation Limited.	704.04	704.04
Total investments in equity instruments, Others (C)	727.15	727.15
Other non-current investments, Others, Unquoted		
SBI Mutual Fund		
1,00,000 (March 31, 2014: 1,00,000) units of ₹ 10 each	10.00	10.00
Total investments in other non-current investments (D)	10.00	10.00
Total non-current investments (A+B+C+D)	766.80	766.80
Less: provision for diminution in value of investments	-	2.39
	766.80	764.41
Quoted investments	-	-
Market value of quoted investments	-	-
Unquoted investments	766.80	766.80
Provision for diminution in value of investments	-	2.39

18. Loans and advances

(Unsecured, considered good)

	March 31, 2015	March 31, 2014
Long-term		
Capital advances	160.62	281.23
Security deposits	297.83	265.21
Loans and advances to related parties	14.79	16.55
MAT credit receivable	1,381.88	1,521.88
Balances with government authorities	527.79	246.78
	2,382.91	2,331.65
Short-term Short-term		
Loans and advances to related parties	352.49	107.35
Prepaid expenses	369.54	202.50
Balances with government authorities	3,198.06	2,151.26
Advances for purchases and expenses	901.67	1,978.97
Other advances	64.88	35.87
	4,886.64	4,475.95

19. Inventories

	March 31, 2015	March 31, 2014
Raw materials	2,927.47	3,206.87
[including goods-in-transit of ₹ 36.33 (March 31, 2014: ₹ 28.92)]		
Work-in-progress	5,023.07	3,921.04
Finished goods	3,134.57	1,993.71
Stores and consumables	255.29	220.12
	11,340.40	9,341.74

20. Trade receivables

	March 31, 2015	March 31, 2014
Due for a period exceeding six months		
Unsecured, considered good	794.69	547.03
Unsecured, considered doubtful	486.22	299.15
	1,280.91	846.18
Less: Provision for doubtful receivables	486.22	299.15
	794.69	547.03
Other debts		
Unsecured, considered good	12,090.14	11,312.17
	12,884.83	11,859.20









21. Cash and bank balances

	March 31, 2015	March 31, 2014
Cash and cash equivalents		
Balances with banks		
- on current accounts	29.32	21.65
Cash on hand	2.23	1.52
	31.55	23.17
Other bank balances		
Deposits with a maturity period of over 3 months but less than 12 months	609.26	639.26
Unpaid dividend account	7.85	5.69
	617.11	644.95
	648.66	668.12

22. Other current assets

(Unsecured, considered good)

	March 31, 2015	March 31, 2014
Export benefits receivable	894.22	1,287.49
Interest accrued on bank deposits	173.10	117.53
Rights issue expenses	-	6.36
Unamortized lease rentals	180.89	-
Assets held for sale	504.19	-
Others *	-	932.29
	1,752.40	2,343.67

^{*} Represents value of assets procured towards execution of EPC contract, as detailed in note 31.

23. Revenue from operations

	March 31, 2015	March 31, 2014
Sale of products	45,222.34	46,288.63
Other operating revenues		
Job work income	1,009.65	-
Export entitlements	868.77	1,100.64
Scrap sales	85.55	83.68
	1,963.97	1,184.32
	47,186.31	47,472.95
Details of products sold, net of excise duty		
Bulk drugs	41,486.49	43,199.98
Intermediates	1,242.80	1,358.84
Others	1,777.09	826.19
	44,506.38	45,385.01

24. Other income

	March 31, 2015	March 31, 2014
Interest income	78.12	81.49
Rental income	234.79	231.60
Corporate support fee	209.96	-
Miscellaneous income	-	28.39
	522.87	341.48

25. Cost of raw materials consumed

	March 31, 2015	March 31, 2014
Opening stock	3,206.87	2,622.93
Add: Purchases during the year	26,362.38	25,228.16
Less: Closing stock	2,927.47	3,206.87
	26,641.78	24,644.22

[#] Disclosed based on derived figures, rather than actual records of issue.

26. Changes in inventories of finished goods and work-in-progress

	March 31, 2015	March 31, 2014
Opening stock		
- Finished goods	1,993.71	2,044.76
- Work-in-progress	3,921.04	3,882.79
	5,914.75	5,927.55
Closing stock		
- Finished goods	3,134.57	1,993.71
- Work-in-progress	5,023.07	3,921.04
	8,157.64	5,914.75
	(2,242.89)	12.80

27. Employee benefit expense

	March 31, 2015	March 31, 2014
Salaries and wages	4,300.83	3,173.60
Contribution to provident and other funds	349.13	242.99
Staff welfare expenses	246.65	208.92
	4,896.61	3,625.51

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(All amounts in ₹ lakhs except for share data or as otherwise stated)

28. Finance costs

	March 31, 2015	March 31, 2014
Interest expense	1,832.71	1,698.74
Other borrowing costs	902.15	756.42
	2,734.86	2,455.16

29. Manufacturing expenses

	March 31, 2015	March 31, 2014
Consumption of stores and spare parts	1,302.75	1,093.04
Power and fuel	2,016.11	1,830.56
Carriage inwards	117.43	110.45
Repairs and maintenance		
- Buildings	105.32	192.05
- Plant and equipment	131.91	93.60
- Others	1,245.84	866.16
Effluent treatment charges	367.55	415.59
Packing material	248.00	227.33
Testing charges	12.54	17.31
Increase/ (decrease) in provision for excise duty on finished goods	15.77	(3.85)
	5,563.22	4,842.24

30. Other expenses

	March 31, 2015	March 31, 2014
Rent	403.07	108.63
Rates and taxes	156.60	71.35
Travelling and conveyance	506.59	446.43
Legal and professional fees	328.93	251.31
Payment to auditors		
- As auditor	27.00	26.54
- For reimbursement of expenses	0.71	1.79
Insurance	154.15	164.69
Advertisement	3.45	2.79
Sales promotion expenses including sales commission	1,388.61	2,938.48
Freight and forwarding charges	639.05	422.93
Provision for doubtful debts and advances, net	149.34	148.18
Foreign exchange loss, net	64.42	354.94
Loss on sale of assets, net	33.64	14.33
Directors commission	10.00	35.00
Sitting fees	14.10	9.80
Research and development expenses	1,080.53	1,082.62
Other expenses	459.76	334.85
	5,419.95	6,414.66

31. Exceptional item

	March 31, 2015	March 31, 2014
Revenue from EPC contract	1,726.64	-
Less:- Cost of execution of EPC contract	(1,726.64)	_
	-	-

During the year, the Company has executed an EPC Contract of setting up of a dedicated manufacturing block in accordance with the Engineering, Procurement, Construction Agreement entered with one of its customer. As per the terms of the arrangement, the expenditure incurred for execution of the contract is billed to the customer at cost. The transaction was considered as an item of exceptional nature, owing to the materiality and being non-recurring in nature. Accordingly, the net impact is disclosed under the head 'Exceptional Item'.

32. Related party disclosures

(a) Names of the related parties and nature of relationship

Names of related parties	Nature of relationship
NHSPL	Holding company
NPRPL	Fellow subsidiary
Neuland Laboratories Inc., USA	Wholly owned subsidiary
Neuland Laboratories K.K., Japan	Wholly owned subsidiary
CATO Research Neuland India Private Limited	Majority owned subsidiary
Dr. D. R. Rao	
Mr. D. Sucheth Rao	Vov management personnel ("VMP")
Mr. D. Saharsh Rao	Key management personnel ("KMP")
Mr. N S Viswanathan	
Mrs. D. Vijaya Rao	
Mrs. D. Rohini N Rao	Relative of KMP
Mrs. D. Deepthi Rao	

(b) Transactions with related parties

	For the Year Ended March 31, 2015	For the Year Ended March 31, 2014
NHSPL		
Sale of products	491.10	-
Purchase of raw-materials	1.09	-
Corporate support fee	19.02	-
Reimbursement of expenses	116.28	154.14
Sales commission	-	14.65
Rent paid	-	2.34









	For the Year Ended March 31, 2015	For the Year Ended March 31, 2014
NPRPL		
Sale of products	94.25	232.15
Purchase of raw-materials	7.74	3.59
Corporate support fee	190.20	-
Rent received	231.60	231.60
Reimbursement of expenses	560.37	673.90
Research and development services received	808.90	685.04
Sales commission	793.02	1,946.14
Neuland Laboratories Inc		
Services received	437.30	621.87
Neuland Laboratories KK		
Services received	177.93	189.52
CATO Research Neuland India Private Limited		
Reimbursement of expenses	5.40	-
Transactions with KMP		
Dr. D. R. Rao		
Managerial remuneration, including performance incentive	120.06	145.04
Office Maintenance	-	4.20
Mr. D. Sucheth Rao		
Managerial remuneration, including performance incentive	90.00	114.41
Mr. D. Saharsh Rao		
Managerial remuneration	87.07	57.10
Mr. N S Viswanathan		
Managerial remuneration	92.56	66.54
Transactions with relatives of KMP		
Mrs. D. Vijaya Rao		
Rent paid	43.20	-
Rental deposit	19.20	-

(c) Balances receivable / (payable)

	As at March 31, 2015	As at March 31, 2014
NHSPL	(1,125.30)	(2,813.93)
NPRPL	(184.23)	(1,277.02)
Neuland Laboratories Inc., USA	(173.66)	(201.87)
Neuland Laboratories K.K., Japan	(9.85)	(25.78)
CATO Research Neuland India Private Limited	13.85	8.45
Mrs. D. Vijaya Rao	(4.32)	-
Dr. D. R. Rao	(5.98)	(53.93)
Mr. D. Sucheth Rao	(5.09)	(48.84)
Mr. D. Saharsh Rao	(4.70)	(11.38)
Mr. N S Viswanathan	(4.07)	(3.30)

Note:

- (i) NHSPL, has extended corporate guarantee and pledged part of its holding in the Company in connection with the loans availed by the Company. Refer note 7 & 11.
- (ii) NPRPL, has extended corporate guarantee and created charge on certain immovable properties belonging to NPRPL in connection with the loans availed by the Company. Refer note 7 & 11.
- (iii) Dr. D. R. Rao and D. Sucheth Rao has extended personal guarantees in connection with the loans availed by the Company. Refer note 7 & 11.

(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 related parties, 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. The Company is in the process of updating the Transfer Pricing documentation for the financial year ended March 31, 2015. In opinion of the management, the same would not have an impact on these financial statements. Accordingly, these financial statements do not include the effect of the transfer pricing implications, if any.

33. Segment reporting

In accordance with AS 17 - Segment Reporting, segment information has been given in the consolidated financial statements of Neuland Laboratories Limited and therefore no separate disclosure on segment information is given in these standalone financial statements.











34. Commitments

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to ₹ 254.42 (March 31, 2014: ₹ 166.54)
- (b) Company in collaboration with Cato Research Israel Limited, (a wholly owned subsidiary of Cato Research Inc., USA) incorporated a Company in India styled as Cato Research Neuland India Private Limited. Company's share in the subsidiary is 70%. The commitment towards initial share capital contribution is US \$ 350,000- approximately ₹ 219.08 (March 31, 2014: ₹ 209.76). The Company contributed ₹ 12.22 (March 31, 2014: ₹ 12.22) towards share capital. The balance investment commitment as on March 31, 2015 amounts to ₹ 206.86 (March 31, 2014: ₹ 197.53).

35. Contingent liabilities

	March 31, 2015	March 31, 2014
Disputed income tax liabilities	1,656.11	1,656.11
Disputed service tax liabilities	138.51	138.51

Note:

Certain disputes, for unascertained amounts, are pending in the Labour Courts, Andhra Pradesh. As the chances of appellants succeeding in their claims being remote, the Company expects no liability on this account.

During 2004, the Company was allotted land by the Andhra Pradesh Industrial Infrastructure Corporation Limited ("APIIC") for setting up a basic research and development center. Subsequently public interest litigation 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. The Company has been named as one of the parties to the said writ petition and the case is currently pending for hearing at Hon'ble High Court of Andhra Pradesh. If there is an adverse ruling against the Company, the estimated financial impact on the Company would be approx. ₹ 2,792.

36. Earnings per equity share [EPES]

		March 31, 2015	March 31, 2014
a)	Net profit attributable to equity shareholders	1,578.13	2,666.75
b)	Computation of weighted average number of equity shares:		
	Weighted average number of shares	81,73,893	76,55,678
	Add: Proportionate addition to opening number of shares due to adjustment factor*	3,68,293	6,37,000
	Adjusted weighted average equity shares for computation of Basic EPES	85,42,186	82,92,678
	Add: Effect of potential dilutive shares	1,799	2,435
	Weighted average number of shares considered for computation of Diluted EPES	85,43,985	82,95,113
c)	EPES (in ₹)		
	Basic	18.47	32.16
	Diluted	18.47	32.15

^{*} EPES for the opening number of equity shares before the rights issue has been adjusted for the bonus element of rights issue in accordance with the provisions of AS 20 - Earnings per Share.

37. Operating leases

	March 31, 2015	March 31, 2014
Future minimum rentals receivable under the non-cancellable operating leases are a	s follows:	
Within one year	231.60	231.60
After one year but not more than five years	501.80	733.40
More than five years	-	-
	733.40	965.00
Future minimum rentals payable under the non-cancellable operating leases are as for	ollows:	
	March 31, 2015	March 31, 2014
Within one year	412.88	-
After one year but not more than five years	379.11	-
More than five years	-	-
	791.99	-

38. Dues to Micro and small enterprises

The Micro and Small Enterprises have been identified on the basis of information available with the Company. This has been relied upon by the auditors. Details of dues to such parties are given below:

		March 31, 2015	March 31, 2014
a)	The principal amount remaining unpaid as at the end of the year	7.71	2.60
b)	The amount of interest accrued and remaining unpaid at the end of the year	-	_
c)	Amount of interest paid by the company in terms of Section 16, of (MSMED Act 2006) along with the amounts of payments made beyond the appointed date during the year.	-	-
d)	Amount of interest due and payable for the period of delay in making payment without the interest specified under the (MSMED Act 2006)	-	-
e)	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)"	-	-

39. Earnings in foreign currency on accrual basis

	March 31, 2015	March 31, 2014
Export on FOB basis	31,388.41	31,933.08

40. Value of imports on CIF basis

	March 31, 2015	March 31, 2014
Raw materials and packing materials	11,455.23	10,964.03
Capital goods	226.65	194.76

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(All amounts in ₹ lakhs except for share data or as otherwise stated)

41. Unhedged foreign currency exposure

	As at March 31, 2015		As at March 3	31, 2014
	Foreign	₹	Foreign	₹
	currency		currency	
Short-term borrowings	US \$10.28	643.69	US \$12.88	772.12
Trade payables	US \$35.58 JPY 15.24 EUR 1.24	2,305.29	US \$36.76 JPY 78.32 EUR 0.49 CHF 0.06	2,293.26
Trade receivables	US \$100.95 JPY 77.16 EUR 8.58	6,940.13	US \$92.41 JPY 77.17 EUR 0.49	5,621.12
Non-current investments	US \$0.01 JPY 30.00	15.82	US \$0.01 JPY 30.00	15.82

42. Value of imported and indigenous raw materials consumed and percentage of each to total consumption.

	As at March 31, 2015		arch 31, 2015 As at March 31, 2	
	Amount	%	Amount	%
Imported	11,185.31	41.98%	10,922.95	44.32%
Indigenous	15,456.47	58.02%	13,721.27	55.68%
	26,641.78	100.00%	24,644.22	100.00%

43. Dividend remitted in foreign currency

	March 31, 2015	March 31, 2014
Number of non - resident shareholders	6	7
Number of equity shares held on which dividend was due	7,51,340	7,62,400
Amount remitted (\$ in lakhs)	0.37	0.15
Amount remitted (₹ in lakhs)	22.54	9.15
Period to which is relates	2013-14	2012-13

44. Amounts incurred on research and development expenses

	March 31, 2015	March 31, 2014
Salaries and wages	19.19	173.03
Consumption of materials, spares	0.17	26.92
Power and fuel	236.94	196.28
Outsourced research and development expenses	808.90	686.39
	1,065.20	1,082.62

45. Expenditure in foreign currency on accrual basis

	March 31, 2015	March 31, 2014
Travelling expenses	43.85	44.60
Professional and consultation fees	99.06	70.52
Sales promotion expenses including sales commission	525.47	904.09
Subscription charges	101.69	-
Others	66.44	24.13

46. Additional information as required under paragraph 5 of the part II of the Schedule III to the Act to the extent either "Nil" or "Not Applicable" has not been furnished.

47. Comparatives

Previous year figures have been reclassified / regrouped wherever necessary, to confirm to the current year presentation.

This is the Summary of significant accounting policies and other explanatory information referred to in our report of even date.

For Walker Chandiok & Co LLP Chartered Accountants

per Sanjay Kumar Jain

Partner

Place: Hyderabad

Date: May 8, 2015

For and on behalf of Board of Directors of Neuland Laboratories Limited

Dr. D.R.Rao Chairman & Managing Director

Humayun Dhanrajgir Director

Sarada Bhamidipati Company Secretary **D. Sucheth Rao** Director

P.V. MaiyaDirector

D. Saharsh RaoDirector

N.S. Viswanathan Chief Financial Officer

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INDEPENDENT AUDITOR'S REPORT

To the Members of Neuland Laboratories Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Neuland Laboratories Limited, ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial **Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Holding Company's Board of Directors, and the respective Board of Directors/management of the subsidiaries included in the Group are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms with the provisions of the Act, the respective Board of Directors of the Holding Company and its subsidiary companies, which are incorporated in India are responsible for maintenance of adequate accounting records; safeguarding the assets; 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 financial statements, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

Auditor's Responsibility

- Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
- While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the auditor's report under the provisions of the Act and the Rules made thereunder.
- We conducted our audit in accordance with the Standards 5. on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
- An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
- We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 10(a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

As stated in note 4 to the consolidated financial statements, during the year ended March 31, 2015, the Company recognized revenues from sale of goods amounting to ₹ 290.53 lakhs based on management's assessment of transfer of significant risks and rewards of ownership to the customers. However, in our opinion, such recognition does not meet the conditions enunciated under Accounting Standard (AS) 9 on "Revenue Recognition" notified under the Companies (Accounting Standards) Rules, 2006. Had the Company followed the principles of AS 9, revenue from operations, profit before tax and tax expense for the year ended March 31, 2015 would have been lower by ₹ 290.53 lakhs, ₹ 130.54 lakhs and ₹ 44.37 lakhs respectively. Further, the trade receivables, current liabilities and reserves and surplus as at March 31, 2015 would have been lower by ₹ 290.53 lakhs, ₹ 144.39 lakhs and ₹ 86.17 lakhs and the inventories as at that date would have been higher by ₹ 59.97 lakhs.

Qualified Opinion

9. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

10. (a) We did not audit the financial statements of subsidiaries, included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of ₹ 92.68 lakhs as at March 31, 2015, total revenues (after eliminating intra-group transactions) of ₹ 0.25 lakhs and net cash flows amounting to ₹ 10.93 lakhs for the year ended on that date. These financial statements have been audited by other auditors

whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

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 matters with respect to our reliance on the work done by and the reports of the other auditors.

(b) The consolidated financial statements of the Group as at and for the year ended March 31, 2014 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements vide their report dated May 9, 2014. The balances as at March 31, 2014 as per the audited consolidated financial statements, regrouped and / or reclassified wherever necessary, have been considered as opening balances for the purpose of these consolidated financial statements

Report on Other Legal and Regulatory Requirements

- 11. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, and based on the comments in the auditor's reports of the, subsidiary companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, as applicable to such companies.
- 12. As required by Section 143(3) of the Act, and based on the auditor's reports of the subsidiaries, we report, to the extent applicable, that:
 - we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements:
 - except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law

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- 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;
- the consolidated financial statements 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:
- except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- on the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 and taken on record by the Board of Directors of the Holding Company and the report of the other statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group Companies, incorporated in India is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph;

- 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:
 - as detailed in Note 35, the consolidated i. financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;
 - the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund ("Fund") by the Holding Company, and there were no amounts which were required to be transferred to the Fund by its subsidiary company incorporated in India.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per Sanjay Kumar Jain

Place: Hyderabad Date: May 8, 2015

Partner Membership No.:207660

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF

even date to the members of Neuland Laboratories Limited, on the consolidated financial statements for the year ended March 31, 2015

Based on the audit procedures performed for the purpose of reporting a true and fair view on the consolidated financial statements of the Holding Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit and based on the comments in the auditor's report of the subsidiary company incorporated in India, we report that:

- (i) (a) The Holding Company have maintained proper records showing full particulars, including quantitative details and situation of fixed assets. The subsidiary company incorporated in India does not have any fixed assets. Accordingly, the provisions of clause 3(i) of the Order are not applicable to them.
 - (b) The fixed assets of holding company have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Holding Company and the nature of its assets.
- (ii) (a) The management of Holding Company has conducted physical verification of inventory at reasonable intervals during the year. The subsidiary company incorporated in India does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable to them.
 - (b) The procedures of physical verification of inventory followed by the management needs to be strengthen in relation to the size of the Holding Company and the nature of its business.
 - (c) The Holding Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification
- (iii) The Holding Company and a subsidiary company incorporated in India has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a) and 3(iii)(b) of the Order are not applicable.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Holding Company and the subsidiary company incorporated in India and the

nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services, except in respect of sales returns, which are not being updated in the Holding Company's financial reporting system on timely basis and few instances of capital expenditure being incurred without issue of purchase/work orders. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

- (v) The Holding Company and a subsidiary company incorporated in India has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Holding Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete. The subsidiary company incorporated in India is not required to maintain the cost records as specified under sub-section (1) of section 148 of the Companies Act, 2013. Accordingly, the provisions of clause 3(vi) of the Order are not applicable to them.
- Undisputed statutory dues including provident (vii) (a) fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues, as applicable, have not been regularly deposited with the appropriate authorities by the Holding Company and there has been significant delay in a large number of cases. The subsidiary company incorporated in India is regular in depositing statutory dues with the appropriate authorities and there are no dues that are outstanding for a period of more than six months from the date they became payable. Undisputed amounts payable by Holding company in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable are as follows:







ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF

even date to the members of Neuland Laboratories Limited, on the consolidated financial statements for the year ended March 31, 2015

Name of the	Nature of the	Amount	Period to which the	Due Date	Date of Payment
statute	dues	(₹ in lakhs)	amount relates		
Income Tax Act,	Advance tax	64.98	Financial year 2014-15		, ,
1961		194.94		September 15,	
				2014	

(b) There are no dues outstanding in respect of income tax, sales tax, customs duty, service tax, wealth tax, excise duty, value added tax and cess on account of any dispute in the subsidiary company incorporated in India. In respect of Holding company, thedues outstanding in respect of income tax, sales tax, customs duty, service tax, wealth tax, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the	Nature of the	Amount (₹ in	Amount Paid under	Period to which	Forum where
statute	dues	lakhs)	protest (₹ in lakhs)	the amount	dispute is pending
				relates	
Finance Act, 1994	Service tax	119.32	55.45	2007-12	High Court of
					Andhra Pradesh
		5.70	-	2005-08	CESTAT, Bangalore
Income tax Act,	Income tax	1,125.26	-	AY 2008-09	Income Tax
1961		403.09	-	AY 2009-10	Appellate Tribunal
		16.34	-	AY 1998-99	High Court of
		82.70	-	AY 2001-02	Andhra Pradesh
		22.50	-	AY 2002-03	7.1.101.11.01.1.00.051.1
		6.22	-	AY 2003-04	

- (c) The Holding company has transferred the amount required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made thereunder within the specified time. Further there is no amount required to be transferred to investor education and protection fund by the subsidiary company incorporated in India.
- (viii) The Holding company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year. The subsidiary company incorporated in India has accumulated losses that exceed 50% of its net worth and has also incurred cash losses during the current and the immediately preceding financial year.
- (ix) There are no dues payables by the subsidiary company incorporated in India to any financial institution or bank or debenture-holders. Accordingly, the provisions of clause 3(ix) of the Order are not applicable to them. In our opinion, the Holding company has not defaulted in repayment of dues to any financial institution or a bank during the year and there are no dues payable to debenture-holders.
- The Holding company and subsidiary companies incorporated in India has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 3(x) of the Order are not applicable to them.

- (xi) The subsidiary company incorporated in India has not raised any term loans. Accordingly, the provisions of clause 3(xi) of the Order are not applicable to them. In our opinion, the Holding company has applied the term loans for the purpose for which these loans were obtained.
- (xii) No fraud on or by the Holding company and a subsidiary company incorporated in India has been noticed or reported during the year covered by our audit.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per Sanjay Kumar Jain

Place: Hyderabad **Partner** Date: May 8, 2015 Membership No.:207660

CONSOLIDATED BALANCE SHEET as at March 31, 2015

(All amounts in ₹ lakhs except for share data or as otherwise stated)

Particulars	Notes	March 31, 2015	March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	5	895.39	772.63
Reserves and surplus	6	15,242.48	11,625.97
		16,137.87	12,398.60
Minority interests		24.52	26.00
Non-current liabilities			
Long-term borrowings	7	3,322.15	3,387.00
Deferred tax liabilities (net)	8	1,242.47	1,039.55
Other long term liabilities	9	273.00	293.00
Long-term provisions	10	638.48	513.88
		5,476.10	5,233.43
Current liabilities			
Short-term borrowings	11	14,579.81	13,961.62
Trade payables	12	11,402.01	9,393.58
Other current liabilities	13	2,907.77	6,374.29
Short-term provisions	14	624.84	960.56
·		29,514.43	30,690.05
То	otal	51,152.92	48,348.08
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	15	12,228.18	13,028.79
Intangible assets	16	79.07	56.56
Capital work-in-progress		4,147.03	3,456.16
Non-current investments	17	738.76	736.37
Long-term loans and advances	18	2,368.12	2,315.10
		19,561.16	19,592.98
Current assets			
Inventories	19	11,340.40	9,341.74
Trade receivables	20	12,884.83	11,859.20
Cash and bank balances	21	698.13	706.66
Short-term loans and advances	18	4,916.00	4,503.83
Other current assets	22	1,752.40	2,343.67
		31,591.76	28,755.10
Т	otal	51,152.92	48,348.08

Notes 1 to 40 form an integral part of these consolidated financial statements.

This is the Consolidated Balance Sheet referred to in our report of even date.

For Walker Chandiok & Co LLP

Chartered Accountants

per Sanjay Kumar Jain

Partner

For and on behalf of Board of Directors of **Neuland Laboratories Limited**

Dr. D. R. Rao Chairman & Managing Director

> Humayun Dhanrajgir Director

Sarada Bhamidipati Company Secretary **D. Sucheth Rao**Director

P. V. Maiya Director D. Saharsh Rao
Director
N. S. Viswanathan
Chief Financial Officer

Place: Hyderabad Date: May 8, 2015

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CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2015

(All amounts in ₹ lakhs except for share data or as otherwise stated)

Particulars	Notes	March 31, 2015	March 31, 2014
REVENUE			
Revenue from operations (gross)	23	47,186.31	47,472.95
Less: Excise duty		715.96	903.62
Revenue from operations (net)		46,470.35	46,569.33
Other income	24	523.12	343.63
Total revenue		46,993.47	46,912.96
EXPENSES			
Cost of raw-materials consumed	25	26,641.78	24,644.22
Changes in inventory of finished goods and work-in-progress	26	(2,242.89)	12.80
Employee benefits expense	27	5,161.74	4,174.50
Finance costs	28	2,736.13	2,456.17
Depreciation and amortisation charge	15 and 16	1,531.98	1,493.86
Manufacturing expenses	29	5,563.22	4,842.24
Other expenses	30	5,129.33	5,833.82
Total expenses		44,521.29	43,457.61
Profit before exceptional items and tax		2,472.18	3,455.35
Exceptional item	31	-	-
Profit before tax		2,472.18	3,455.35
Tax expense			
Current tax		676.05	727.72
Deferred tax expense		202.92	768.95
MAT Credit entitlement		-	(716.70)
Profit after tax and before minority interest		1,593.21	2,675.38
Minority interest		(1.48)	(5.35)
Profit for the year		1,594.69	2,680.73
Earnings per equity share [EPES]	37		
Par value ₹10 per share			
Basic		18.67	32.33
Diluted		18.66	32.32

Notes 1 to 40 form an integral part of these consolidated financial statements.

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For Walker Chandiok & Co LLP **Chartered Accountants**

For and on behalf of Board of Directors of **Neuland Laboratories Limited**

per Sanjay Kumar Jain

Partner

Dr. D. R. Rao Chairman & Managing Director

Director

D. Sucheth Rao Director

D. Saharsh Rao Director

Humayun Dhanrajgir

P. V. Maiya Director

N. S. Viswanathan Chief Financial Officer

Place: Hyderabad Sarada Bhamidipati Date: May 8, 2015 **Company Secretary**

CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2015 (All amounts in ₹ lakhs except for share data or as otherwise stated)

Particulars		March 31, 2015	March 31, 2014
Cash flows from operating activities			
Profit before tax		2,472.18	3,455.35
Adjustments:			
Depreciation and amortisation expense		1,531.98	1,493.86
Provision for employee benefits		132.69	87.53
Reversal of earlier year provisions		(2.39)	(0.33)
Provision for doubtful receivables, net		149.34	148.18
Interest income		(78.37)	(83.64)
Interest expenses		1,832.71	1,698.74
Loss on sale of asset		33.64	14.33
Unrealised foreign exchange loss, net		34.73	78.43
Operating profit before working capital changes		6,106.51	6,892.45
Increase in inventories		(1,998.66)	(124.89)
Increase in trade receivables		(1,209.70)	(2,142.87)
(Increase) / decrease in long-term loans and advances		(173.63)	49.30
Increase in short-term loans and advances		(979.88)	(898.73)
Increase in other current assets		(285.45)	(312.53)
Increase in trade payables		2,008.43	573.82
Increase / (decrease) in other current liabilities		(1,217.58)	1,214.23
Decrease in long-term liabilities		(20.00)	(40.00)
Cash generated from operating activities		2,230.04	5,210.78
Income taxes paid		(912.83)	(334.18)
Net cash generated from operating activities	(A)	1,317.21	4,876.60
Cash flows from investing activities			
Purchase of tangible assets		(1,475.88)	(1,145.27)
Purchase of intangible assets		(68.62)	(41.45)
Proceeds from sales of tangible assets		80.94	67.78
Interest received		22.80	28.07
Increase in other bank balances		27.84	106.63
Net cash used in investing activities	(B)	(1,412.92)	(984.24)
Cash flows from financing activities			
Proceeds from issue of share capital		2,501.76	10.20
Share issue expenses		(89.73)	10.20
Proceeds from long-term borrowings		2,106.00	
Repayment of long-term borrowings		(2,958.07)	(2,762.96)
Proceeds from short-term borrowings, net		618.19	630.87
Interest paid		(1,796.59)	(1,667.14)
Dividends paid (including tax on distributed profits)		(266.54)	(1,007.14)
Net cash from / (used in) financing activities	(C)	115.02	(3,895.65)
Net increase / (decrease) in cash and cash equivalents	(A+B+C)	19.31	(3,893.03)

OUR NEW LAND OF OPPORTUNITIES & A M 1









Particulars	March 31, 2015	March 31, 2014
Cash and cash equivalents as at the beginning of the year	61.71	65.00
Cash and cash equivalents as at the end of the year	81.02	61.71
Note 1:		
Cash and bank balances as per Note 21	698.13	706.66
Less: Other bank balances	617.11	644.95
Total Cash and cash equivalents	81.02	61.71

This is the Consolidated Cash Flow Statement referred to in our report of even date.

For Walker Chandiok & Co LLP

Chartered Accountants

per Sanjay Kumar Jain

Place: Hyderabad

Date: May 8, 2015

Partner

For and on behalf of Board of Directors of **Neuland Laboratories Limited**

Dr. D. R. Rao Chairman & Managing Director

> Humayun Dhanrajgir Director

Sarada Bhamidipati **Company Secretary**

D. Sucheth Rao Director

> P. V. Maiya Director

D. Saharsh Rao Director

N. S. Viswanathan **Chief Financial Officer**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

(All amounts in ₹ lakhs except for share data or as otherwise stated)

1. COMPANY OVERVIEW

Neuland Laboratories Limited ("the Company" or "NLL") is a public company domiciled in India and incorporated in accordance with the provisions of Companies Act, 1956. Its shares are listed on two stock exchanges in India. The Company is engaged in manufacturing and selling of bulk drugs and caters to both domestic and international markets.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of consolidation

The consolidated financial statements of Neuland Laboratories Limited ("the Company") together with its subsidiaries (collectively referred as the 'Group' or the 'consolidating entities') are prepared under historical cost convention on accrual basis, in accordance with the generally accepted accounting principles in India ("Indian GAAP") and comply in all material respects

with the mandatory Accounting Standards ("AS") notified under the Companies Act, 2013("the Act") read with the Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), pronouncements of The Institute of Chartered Accountants of India ('ICAI'). The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements, except otherwise stated for like transactions in similar circumstances.

Investments in subsidiaries, except where the investments are acquired exclusively with a view to its subsequent disposal in the near future, are accounted in accordance with accounting principles as defined in the Accounting Standard ('AS') 21 'Consolidated Financial Statements', as prescribed under the Rules.

The financial statements of the consolidating entities are added on a line-by-line basis and material inter-company balances and transactions including unrealized gain and loss from such transactions are eliminated upon consolidation. The following subsidiaries have been considered for the purpose preparation of consolidated financial statements.

Names of the consolidating entities	Country of Incorporation	Percentage holding /inter	
		As at March 31, 2015	As at March 31, 2014
Subsidiaries:		·	,
Neuland Laboratories Inc.	United States of America	100.00	100.00
Neuland Laboratories KK	Japan	100.00	100.00
Cato Research Neuland India Private Limited	India	70.00	70.00

b. Use of estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the consolidated financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debtors and

other receivables, provision for inventories, future obligations under employee retirement benefit plans, income taxes, useful lives of fixed assets and carrying value of intangible assets.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

OUR NEW LAND OF OPPORTUNITIES & A M (1)









(All amounts in ₹ lakhs except for share data or as otherwise stated)

c. Fixed assets

Fixed assets are stated at cost, except in respect of certain land, buildings, plant & machinery which are shown at re-valued values, less accumulated depreciation, amortization and impairment losses, if any. Cost comprise of purchase price, freight, nonrefundable duties, taxes and any other cost attributable to bringing the asset to its working condition for its intended use. Assets retired from active use and held for disposal are stated at their estimated net realisable values or net book values, whichever is lower.

Exchange rate variations relating to long-term foreign currency monetary items, which are utilized in acquisition of a depreciable capital assets are added to or deducted from the cost of the asset and depreciated over the remaining useful life of the asset.

d. Depreciation

Depreciation is provided on Straight Line Method ('SLM') based on useful lives of the assets as estimated by management which coincides with rates prescribed under Schedule II to the 2013 Act.

Depreciation on sold / discarded fixed assets is provided for up to the date of sale / discarded as the case may be.

e. Borrowing costs

Borrowing costs that are attributable to the acquisition and construction of a qualifying asset are capitalised as a part of the cost of the asset. Other borrowing costs are recognised as an expense in the year in which they are incurred.

f. Intangible assets

Intangible assets are stated at cost of acquisition less accumulated amortization. Computer software expenditure is amortized over a period of three years on straight line method.

g. Impairment of assets

The carrying amounts of assets, both tangible and intangible, are reviewed at each balance sheet date if there is any indication of impairment based on internal and/or external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

h. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

i. Inventories

Raw material, stores and spare parts are carried at cost. Cost includes purchase price excluding taxes those are subsequently recoverable from the concerned authorities, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. Cost of inventories is determined using the weighted average cost method.

The carrying cost of raw materials, stock-in-trade, packaging materials and stores and spare parts are appropriately written down when there is a decline in replacement cost of such materials and finished products in which they will be incorporated are expected to be sold below cost.

Finished goods and work in progress are valued at the lower of cost and net realizable value. Cost of work in progress and manufactured finished goods is determined on weighted average basis and comprises cost of direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Excise duty liability is included in the valuation of closing inventory of finished goods.

j. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue measured and collectability is reasonably assured.

Sale of goods:

Revenue from sale of goods is accounted for when significant risks and rewards are transferred to buyers, which generally coincide with the dispatch of goods from the factory premises, or when delivery is delayed at the buyer's request and the buyer takes title and accepts the invoice. Revenue is inclusive of excise duty but net of sales tax, trade discounts and returns.

Sale of services:

Revenue from sale of services is recognized as per the terms of contracts with customers when the related services are performed or the agreed milestones are achieved and when the Company completes all its performance obligations.

Export entitlements:

Export entitlement / incentives are recognised when the right to receive credit is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds and utilization of export incentives within its validity period.

Interest income:

Income from interest on deposits is recognised on the time proportionate methods taking into account the amount outstanding and the interest rate applicable.

Dividend income:

Dividend income is recognized when the right to receive the payment is established.

k. Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of timing differences between

taxable income and accounting income for the period and reversal of timing differences of earlier periods.

Deferred tax is measured based on the tax rates and the tax laws enacted or subsequently enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

Unrecognized deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain or virtually certain, as the case may be that future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets are reviewed at each balance sheet date.

The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the ICAI, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement.

I. Earnings per equity share

Basic earnings per equity share are calculated by dividing the net profit or loss for the period

OUR NEW LAND OF OPPORTUNITIES & A M (1)









(All amounts in ₹ lakhs except for share data or as otherwise stated)

attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

m. Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported at year-end rates. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences

Exchange differences arising on the settlement of foreign currency monetary items or on reporting monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous consolidated financial statements, are recognized as income or as expenses in the year in which they arise.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expenditure items are translated at the average exchange rates for the year. Exchange differences arising in case of Integral Foreign operations are recognized in the Statement of Profit and Loss and exchange differences arising in case of Non integral Foreign Operations are recognized in the Group's foreign currency translation reserve classified under reserves and surplus.

n. Employee benefits

Defined contribution plan

In respect of the Company and Indian subsidiary, retirement benefits in the form of contribution to provident fund scheme and employee state insurance scheme are charged to statement of profit and loss of the year when the contribution to the respective fund is due. There are no other obligations other than the contribution payable to the respective fund.

Defined benefit plan

Gratuity is a post-employment defined benefit plan. An independent actuary, using the projected unit credit method calculates the defined benefit obligation annually. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to the statement of profit and loss in the period in which such gains or losses arises.

Compensated absences

As per the Company policy, eligible leaves can be accumulated by the employees and carried forward to future periods either to be utilized during the service, or encashed. Encashment can be made during service or on resignation, or retirement of the employee. The value of benefits is determined basedon an independent actuarial valuation using the projected unit credit method as at the year end. Actuarial gains and losses are recognized immediately in the statement of profit and loss.

o. Leases

Where the lessor effectively retains all risk and benefits of ownership of the leased items, such leases are classified as operating lease. Operating lease payments are recognized as an expense in the Statement of profit and loss on a straight line basis.

p. Provisions and contingent liabilities

A provision is recognised when the Group has a present obligation as a result of past event i.e., it is probable that an outflow of resources will be required

to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A disclosure of the contingent liability is made when there is a possible or a present obligation that may, but probably will not, require an outflow of resources.

g. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

r. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with original maturity of less than three months.

3. CHANGE IN ACCOUNTING ESTIMATE

Hitherto, depreciation on all tangible fixed assets was provided on straight line method over the estimated useful lives using the rates prescribed under erstwhile Schedule XIV of the Companies Act, 1956. Effective April 1, 2014, in accordance with the requirements to Schedule II of the Act, the Company has re-assessed the useful lives and adopted the rates prescribed under Schedule II and accordingly, depreciation on the tangible fixed assets for the year ended March 31, 2015 is lower by ₹ 33.59 and further an amount of ₹ 88.03 and ₹ 10.73 has been charged to the opening balance of the general reserve and revaluation reserve in respect of the assets whose remaining useful life is nil as at 1 April 2014 in accordance with Schedule II of the Act.

4. During the year ended March 31, 2015 the Company had recognized revenues aggregating to ₹ 3,837.43 under the "Bill and Hold" basis. Of the aforesaid amount, goods amounting to ₹ 1,196.31 were shipped to the customers before the year end. In respect of revenues aggregating to ₹ 290.53, the revenue has been recognised based on management's assessment of implicit compliance with the Bill and Hold criteria as stated under Accounting Standard (AS) 9 "Revenue Recognition" as notified under the Companies (Accounting Standards) Rules, 2006











Share capital

	March 31, 2015		March 31,	2014
	Number	Amount	Number	Amount
Authorized share capital				
Equity shares of ₹ 10 each	1,00,00,000	1,000.00	1,00,00,000	1,000.00
Cummulative redeemable preference shares of ₹ 100 each	3,00,000	300.00	3,00,000	300.00
Cumulative or Non cumulative and redeemable or otherwise preference shares of ₹ 100 each	3,00,000	300.00	3,00,000	300.00
Issued share capital				
Equity shares of ₹ 10 each	90,76,799	907.68	78,49,223	784.92
Subscribed share capital				
Equity shares of ₹ 10 each	89,86,530	898.65	77,58,954	775.90
Paid-up share capital			·	
Equity shares of ₹ 10 each	88,83,254	888.33	76,55,678	765.57
Add: Forfeited equity shares of ₹ 10 each		7.06		7.06
	88,83,254	895.39	76,55,678	772.63

(a) Reconciliation of shares

	March 31, 2015		March 31, 2014	
	Number	Amount	Number	Amount
Equity shares of ₹ 10 each				
Balance at the beginning of the year	76,55,678	765.57	76,44,978	764.50
Add: Issued during the year (refer note (e) below)	12,25,276	122.53	-	-
Add: Shares issued under the employee stock option plan ("ESOP")	2,300	0.23	10,700	1.07
Balance at the end of the year	88,83,254	888.33	76,55,678	765.57

(b) Terms and rights 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 dividend proposed by the Board of Directors is subject to prior consent from banks and the approval of the shareholders in the ensuing general meeting.

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.

(c) Shareholders holding more than five percent shares in the Company

	March 31, 2015		March 31, 2014	
	Number	%	Number	%
Equity shares of ₹ 10 each				
Neuland Health Sciences Private Limited ("NHSPL")	45,90,608	51.68%	38,31,679	50.05%
Unipharm Limited	6,00,000	6.75%	6,00,000	7.84%

(d) Details of shares held by holding company and its subsidiaries

	March 31, 2015		March 31, 2014	
	Number	Amount	Number	Amount
Equity shares of ₹ 10 each				
NHSPL	45,90,608	459.06	38,31,679	383.17

(e) Issue of equity shares

During the year, the Company issued 12,25,276 equity shares of $\ref{thmatcolor}$ 10/- each at a premium of $\ref{thmatcolor}$ 194 on rights basis to its existing shareholders in the ratio of 4 equity shares for every 25 shares held. The said shares were fully subscribed. Accordingly, the funds raised aggregating to $\ref{thmatcolor}$ 2,499.56 have been entirely utilised towards the objects of the issue as on March 31, 2015.

(f) Employee stock option scheme ("ESOP")

- (i) Pursuant to the resolution passed by the Board of Directors and members of the Company at their General Meeting held on July 20, 2007, the Company had introduced Employee Stock Option Scheme ("the scheme") for permanent employees and Directors of the Company and of its subsidiaries, as may be decided by the Remuneration and Compensation Committee / Board. The scheme provides that the total number of options granted there under will be not more than 3% of the paid-up capital. Each option, on exercise, is convertible into one equity share of the Company having face value of ₹ 10 each. Pursuant to a resolution passed by the Remuneration and Compensation Committee on November 17, 2008, 34,500 options have been granted at an exercise price of ₹ 104 per equity share, which is also the market price as on the date of the grant. Accordingly, the Company has not recognized any expense on account of grant of stock options.
- (ii) Changes in number of shares representing stock options outstanding as at the year ended on March 31, 2015 were as follows:

	Scheme
Outstanding options as at April 1, 2013	19,000
Granted during the year	-
Exercised	10,700
Lapsed	1,000
Outstanding options as at March 31, 2014	7,300
Exercised	2,300
Lapsed	2,500
Outstanding options as at March 31, 2015	2,500

Pursuant to the rights issue during the year ended March 31, 2013, the Company has revised the exercise price of each stock option to ₹ 95.34 from ₹ 104.00 (pre-rights) under the existing scheme.











Reserves and surplus

	March 31, 2015	March 31, 2014
Capital reserve	3.32	3.32
Securities premium reserve		
Balance at the beginning of the year	4,343.41	4,334.28
Add: Additions during the year	2,379.00	9.13
Less: Share issue expenses	(89.73)	-
Balance at the end of the year	6,632.68	4,343.41
General reserve		
Balance at the beginning of the year	2,719.88	2,453.20
Add: Transfer from surplus in statement of profit and loss	157.81	266.68
Less: Adjustment (Refer note:3)	(88.03)	-
Balance at the end of the year	2,789.66	2,719.88
Revaluation reserve		
Balance at the beginning of the year	94.62	103.13
Less: Depreciation on revalued assets	(7.02)	8.51
Less: Adjustment (Refer note:3)	(10.73)	-
Balance at the end of the year	76.87	94.62
Surplus in the statement of profit and loss		
Balance at the beginning of the year	4,464.74	2,317.62
Add: Profit for the year	1,594.69	2,680.73
Less: Proposed equity dividend [₹ 1.5 (March 31, 2014: ₹ 3) per equity share]	(133.25)	(229.67)
Less: Tax on proposed equity dividend	(26.65)	(37.26)
Less: Tax on proposed equity dividend (earlier years)	(1.77)	-
Less: Transferred to general reserve	(157.81)	(266.68)
Balance at the end of the year	5,739.95	4,464.74
	15,242.48	11,625.97

Long-term borrowings

	March 31, 2015	March 31, 2014
Secured		
Term loans		
From banks	2,396.60	1,558.44
From other parties	487.50	936.75
Vehicle loans from banks	111.88	52.86
	2,995.98	2,548.05
Unsecured		
Loans from related parties	1,200.00	2,500.00
	4,195.98	5,048.05
Less: Current maturities of long-term borrowings (refer note 13)	873.83	1,661.05
	3,322.15	3,387.00

(a) Terms and conditions of secured loans and nature of security

- (i) Term loans amounting to ₹ 396.37 (March 31, 2014: ₹ 1,558.44) is secured by the pari-passu first charge on the fixed assets and second charge (hypothecation) on the current assets of the Company. Pari-passu second charge on the shares of Andhra Pradesh Gas Power Corporation Limited ("APGPCL") subordinate to the first charge created in favour of APGPCL and personal guarantees extended by Dr. D. R. Rao and Mr. D. Sucheth Rao. The loan is further secured by the corporate guarantee given by NHSPL and Neuland Pharma Research Private Limited ('NPRPL'), pari-passu charge of 2,00,000 equity shares of the Company held by NHSPL and creation of charge on certain immovable properties belonging to NPRPL as collateral security..
- (ii) Term loans amounting to ₹ 2,000.00 (March 31, 2014: ₹ Nil) is secured by the pari-passu first charge on the fixed assets and second charge (hypothecation) on the current assets and shares of APGPCL held by the Company and personal guarantees extended by Dr. D. R. Rao and Mr. D. Sucheth Rao. The loan is further secured by the corporate guarantee given by NHSPL and NPRPL, first pari-passu charge on fixed assets belonging to NPRPL and 2,00,000 equity shares of the Company held by NHSPL.
- (iii) Term loans amounting to ₹ 487.50 (March 31, 2014: ₹ 636.75) is secured by first pari-passu charge by way of mortgage and hypothecation over all fixed assets (excluding of assets that are specifically charged), both present and future, of the Company, exclusive charge on the lease rental received by the Company on its movable plant and machinery leased to NPRPL and personal guarantees extended by Dr. D. R. Rao and Mr. D. Sucheth Rao. The loan is further secured by the first pari passu charge over fixed assets of NPRPL and the corporate guarantee given by NPRPL. Further term loan of ₹ Nil (March 31, 2014: ₹ 300) is also secured by the second pari-passu charge on entire current assets of the Company, both present and future.
- (iv) Vehciles loans are secured by hypothecation of specific vehicles against which the loan is availed.
- (v) All the above loans carry interest in the range of 13.70% to 14.75% per annum.

(vi) Details of repayment of long term borrowings

	March 31, 2015	March 31, 2014
Up to 1 year	873.83	1,661.05
From 1 to 3 years	1,528.89	868.25
3 years and above	593.26	18.75
	2,995.98	2,548.05

(b) Terms and conditions of unsecured loans

Represents inter-corporate deposits availed from NHSPL and NPRPL repayable in five years from the date of disbursement i.e., December 11, 2012 and carries an interest rate of 0.0001% per annum.

8. Deferred tax liability, net

	March 31, 2015	March 31, 2014
On account of depreciation	1,962.96	2,062.34
On account of unabsorbed depreciation and business losses	-	(443.03)
On account of employee benefits and others	(720.49)	(579.76)
Net deferred tax liability	1,242.47	1,039.55

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(All amounts in ₹ lakhs except for share data or as otherwise stated)

Other long-term liabilities

	March 31, 2015	March 31, 2014
Deposits received	233.00	233.00
Others	40.00	60.00
	273.00	293.00

10. Long-term provisions

	March 31, 2015	March 31, 2014
Provision for gratuity	546.65	450.67
Provision for leave benefits	91.83	63.21
	638.48	513.88

(a) Gratuity

The Company has subscribed to a group gratuity scheme of Life Insurance Corporation of India (LIC). 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 upto a maxmium limit of ₹ 10.

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.

Change in projected benefit obligation

	March 31, 2015	March 31, 2014
Projected benefit obligation at the beginning of the year	503.76	479.43
Service cost	61.50	50.87
Interest cost	46.09	39.31
Actuarial (gain) / loss	38.98	(28.03)
Benefits paid	(42.06)	(37.82)
Projected benefit obligation at the end of the year	608.27	503.76

Change in plan assets

	March 31, 2015	March 31, 2014
Fair value of plan assets at the beginning of the year	14.01	13.86
Expected return on plan assets	1.24	0.15
Employer contributions	2.38	-
Fair value of plan assets at the end of the year	17.63	14.01

(iii) Reconciliation of present value of obligation on the fair value of plan assets

	March 31, 2015	March 31, 2014
Present value of projected benefit obligation at the end of the year	608.27	503.76
Funded status of the plans	17.63	14.01
Net liability recognised in the balance sheet	590.64	489.75

(iv) Expense recognized in the statement of profit and loss

	March 31, 2015	March 31, 2014
Service cost	61.50	50.87
Interest cost	46.09	39.31
Expected returns on plan assets	(1.24)	(0.15)
Recognized net actuarial (gain)/ loss	38.98	(28.03)
Net gratuity costs	145.33	62.00

(v) Key acturial assumptions

	March 31, 2015	March 31, 2014
Discount rate	7.80%	9.15%
Expected return on plan assets	8.00%	8.00%
Salary escalation rate	4.00%	4.00%

(vi) Amounts for the current and previous four periods are as follows:

Particulars	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Defined benefit	608.27	503.76	497.43	398.70	321.70
obligation					
Planned assets	17.63	14.01	13.86	22.40	49.50
Surplus / (deficit)	(590.64)	(489.75)	(465.57)	(376.30)	(272.20)
Experience adjustments to planned assets /	-	-	-	-	-
(libilites)					

11. Short-term borrowings

	March 31, 2015	March 31, 2014
Loans repayable on demand		
Secured		
Banks	14,579.81	13,659.95
Others parties	-	1.67
Unsecured		
Loans and advances from related parties	-	300.00
	14,579.81	13,961.62

- (a) Loans repayable on demand represents cash credit, packing credit and foerign bill discounting facility availed with various banks and carry interest linked to the respective Bank's prime / base lending rate, and range from 3.90% to 14.75% per annum.
- (b) Loans repayable on demand aggregating to ₹ 13,162.55 (March 31, 2014: ₹ 13,659.95) are secured by way of first charge on all the current assets of the Company and pari-passu second charge on Company's fixed assets and shares of APGPCL subordinate to the first charge created in favour of APGPCL and personal guarantees extended by Dr. D. R. Rao and Mr. D. Sucheth Rao. The loan is further secured by the corporate guarantee given by NHSPL and NPRPL, pari-passu charge of 2,00,000 equity shares of the Company held by NHSPL and creation of charge on first pari-passu basis on certain immovable properties belonging to NPRPL.
- (c) Loans repayable on demand aggregating to ₹ 1,417.26 (March 31, 2014: ₹ Nil) are secured by way of first charge on all the current assets of the Company and pari-passu second charge on Company's fixed assets and personal guarantees extended by Dr. D. R. Rao and Mr. D. Sucheth Rao.

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(All amounts in ₹ lakhs except for share data or as otherwise stated)

(d) Unsecured loan represents loan repayable on demand availed from NHSPL and carries an interest rate of 0.0001% per annum.

12. Trade payables

	March 31, 2015	March 31, 2014
Sundry creditors	11,402.01	9,393.58
Dues to others	11,402.01	9,393.58

13. Other current liabilities

	March 31, 2015	March 31, 2014
Current maturities of long-term borrowings	873.83	1,661.05
Interest accrued but not due	60.14	24.02
Advance from customers	316.41	2,018.50
Due to group companies	225.30	1,156.85
Employee related liabilities	401.57	263.76
Statutory liabilities	788.27	608.59
Book overdraft	210.53	446.86
Unclaimed dividends	7.85	5.69
Others	23.87	188.97
	2,907.77	6,374.29

14. Short-term provisions

	March 31, 2015	March 31, 2014
Provision for gratuity	43.99	39.08
Provision for leave encashment	54.90	51.72
Provision for income tax	366.05	600.34
Provision for wealth tax	-	2.49
Proposed dividends on equity shares including dividend distribution tax	159.90	266.93
	624.84	960.56

15. Tangible assets

	Land	Buildings	Plant and equipment	Lab equipment	Furniture & fixtures	Vehicles	Computers	Total
Gross block								
Balance as at April 1, 2013	275.06	5,518.15	15,896.72	1,965.01	73.04	678.88	312.24	24,719.10
Additions	-	103.40	831.67	-	2.14	2.96	52.31	992.48
Disposals	-	-	-	0.43	-	133.69	-	134.12
Foreign exchange fluctuation	-	7.85	18.70	56.58	0.43	-	-	83.56
Balance as at March 31, 2014	275.06	5,629.40	16,747.09	2,021.16	75.61	548.15	364.55	25,661.02
Additions	-	92.99	593.31	-	4.46	126.92	87.94	905.62
Disposals	-	-	32.87	-	-	306.48	123.50	462.85
Balance as at March 31, 2015	275.06	5,722.39	17,307.53	2,021.16	80.07	368.59	328.99	26,103.79
Accumulated depreciation	'							
Up to April 1, 2013	-	1,344.72	8,545.33	789.69	38.91	251.88	235.49	11,206.02
Depreciation charge	-	185.30	1,045.99	164.03	3.84	53.27	25.79	1,478.22
Reversal on disposal	-	-	-	0.41	-	51.60	-	52.01
Up to March 31, 2014	-	1,530.02	9,591.32	953.31	42.75	253.55	261.28	12,632.23
Depreciation charge	-	176.79	1,048.83	156.53	7.28	60.27	44.04	1,493.74
Adjustment (Refer note: 3)	-	-	80.43	-	0.53	2.09	14.86	97.91
Reversal on disposal	-	-	22.44	-	-	205.89	119.94	348.27
Up to March 31, 2015	-	1,706.81	10,698.14	1,109.84	50.56	110.02	200.24	13,875.61
Net block								
Balance as at March 31, 2014	275.06	4,099.38	7,155.77	1,067.85	32.86	294.60	103.27	13,028.79
Balance as at March 31, 2015	275.06	4,015.58	6,609.39	911.32	29.51	258.57	128.75	12,228.18

OUR NEW LAND OF OPPORTUNITIES () () () () ()









(All amounts in ₹ lakhs except for share data or as otherwise stated)

(ii) Fixed Assets include assets given on lease as under:

	Plant and equipment	Computers	Total
Gross block			
Balance as at April 1, 2013	1,403.12	28.02	1,431.14
Balance as at March 31, 2014	1,403.12	28.02	1,431.14
Balance as at March 31, 2015	1,403.12	28.02	1,431.14
Accumulated depreciation			
Up to April 1, 2013	342.45	15.40	357.85
Depreciation charge	89.11	4.01	93.12
Up to March 31, 2014	431.56	19.41	450.97
Depreciation charge	189.35	2.00	191.35
Adjustment	21.73	3.19	24.92
Up to March 31, 2015	642.64	24.60	667.24
Net block		·	
Balance as at March 31, 2014	971.56	8.61	980.17
Balance as at March 31, 2015	760.48	3.42	763.90

16. Intangible assets

	Computer	Total
	software	
Gross block		
Balance as at April 1, 2013	151.48	151.48
Additions	41.45	41.45
Balance as at March 31, 2014	192.93	192.93
Additions	68.62	68.62
Balance as at March 31, 2015	261.55	261.55
Accumulated amortisation		
Up to April 1, 2013	112.22	112.22
Amortization charge	24.15	24.15
Up to March 31, 2014	136.37	136.37
Amortization charge	45.26	45.26
Adjustment (Refer note: 3)	0.85	0.85
Up to March 31, 2015	182.48	182.48
Net block		
Balance as at March 31, 2014	56.56	56.56
Balance as at March 31, 2015	79.07	79.07

17. Non-current investments

	March 31, 2015	March 31, 2014
Investment in Government Securities, Non-Trade (A)	1.61	1.61
Investments in equity instruments, Others, Trade, Unquoted		
2,200 (March 31, 2014: 2,200) fully paid-up, shares of ₹ 100 each in Jeedimetla Effluent Treatment Limited.	2.20	2.20
2,09,136 (March 31, 2014: 2,09,136) fully paid-up, shares of ₹ 10 each in Pantancheru Enviro-Tech Limited.	20.91	20.91
4,02,000 (March 31, 2014: 4,02,000) fully paid-up of ₹ 10 each in Andhra Pradesh Gas Power Corporation Limited.	704.04	704.04
Total investments in equity instruments, Others (B)	727.15	727.15
Other non-current investments, Others, Unquoted		
SBI Mutual Fund		
1,00,000 (March 31, 2014: 1,00,000) units of ₹10 each	10.00	10.00
Total investments in other non-current investments (C)	10.00	10.00
Total non-current investments (A+B+C)	738.76	738.76
Less: provision for diminution in value of investments	-	2.39
	738.76	736.37
Quoted investments	-	-
Market value of quoted investments	-	-
Unquoted investments	738.76	738.76
Provision for diminution in value of investments	-	2.39

18. Loans and advances

(Unsecured, considered good)

	March 31, 2015	March 31, 2014
Long-term		
Capital advances	160.62	281.23
Security deposits	297.83	265.21
MAT credit receivable	1,381.88	1,521.88
Balances with government authorities	527.79	246.78
	2,368.12	2,315.10
Short-term		
Loans and advances to related parties	338.63	98.90
Prepaid expenses	369.54	202.50
Balances with government authorities	3,198.06	1,517.45
Advances for purchases and expenses	901.67	1,978.97
Other advances	108.10	706.01
	4,916.00	4,503.83









19. Inventories

	March 31, 2015	March 31, 2014
Raw materials	2,927.47	3,206.87
[including goods-in-transit of ₹ 33.63 (March 31, 2014: ₹ 28.92)]		
Work-in-progress	5,023.07	3,921.04
Finished goods	3,134.57	1,993.71
Stores and consumables	255.29	220.12
	11,340.40	9,341.74

20. Trade receivables

	March 31, 2015	March 31, 2014
Due for a period exceeding six months		
Unsecured, considered good	794.69	547.03
Unsecured, considered doubtful	486.22	299.15
	1,280.91	846.18
Less: Provision for doubtful receivables	486.22	299.15
	794.69	547.03
Other debts		
Unsecured, considered good	12,090.14	11,312.17
	12,884.83	11,859.20

21. Cash and bank balances

	March 31, 2015	March 31, 2014
Cash and cash equivalents		
Balances with banks		
- on current accounts	78.43	59.77
Cash on hand	2.59	1.94
	81.02	61.71
Other bank balances		
Deposits with a maturity period of over 3 months but less than 12 months	609.26	639.26
Unpaid dividend account	7.85	5.69
	617.11	644.95
	698.13	706.66

22. Other current assets

(Unsecured, considered good)

	March 31, 2015	March 31, 2014
Export benefits receivable	894.22	1,287.49
Interest accrued on bank deposits	173.10	117.53
Rights issue expenses	-	6.36
Unamortized lease rentals	180.89	-
Assets held for sale	504.19	-
Others *	-	932.29
	1,752.40	2,343.67

^{*} Represents value of assets procured towards execution of EPC contract, as detailed in note 31.

23. Revenue from operations

	March 31, 2015	March 31, 2014
Sale of products	45,222.34	46,288.63
Other operating revenues		
Job work income	1,009.65	-
Export entitlements	868.77	1,100.64
Scrap sales	85.55	83.68
	1,963.97	1,184.32
	47,186.31	47,472.95
Details of products sold, net of excise duty		
Bulk drugs	41,486.49	43,199.98
Intermediates	1,242.80	1,358.84
Others	1,777.09	826.19
	44,506.38	45,385.01

24. Other income

	March 31, 2015	March 31, 2014
Interest income	78.37	83.64
Rental income	234.79	231.60
Corporate support fee	209.96	-
Miscellaneous income	-	28.39
	523.12	343.63

25. Cost of raw materials consumed

	March 31, 2015	March 31, 2014
Opening stock	3,206.87	2,622.93
Add: Purchases during the year	26,362.38	25,228.16
Less: Closing stock	2,927.47	3,206.87
	26,641.78	24,644.22

[#] Disclosed based on derived figures, rather than actual records of issue.









26. Changes in inventories of finished goods and work-in-progress

	March 31, 2015	March 31, 2014
Opening stock		
- Finished goods	1,993.71	2,044.76
- Work-in-progress	3,921.04	3,882.79
	5,914.75	5,927.55
Closing stock		
- Finished goods	3,134.57	1,993.71
- Work-in-progress	5,023.07	3,921.04
	8,157.64	5,914.75
	(2,242.89)	12.80

27. Employee benefit expense

	March 31, 2015	March 31, 2014
Salaries and wages	4,565.96	3,722.52
Contribution to provident and other funds	349.13	242.99
Staff welfare expenses	246.65	208.99
	5,161.74	4,174.50

28. Finance costs

	March 31, 2015	March 31, 2014
Interest expense	1,832.71	1,698.74
Other borrowing costs	903.42	757.43
	2,736.13	2,456.17

29. Manufacturing expenses

	March 31, 2015	March 31, 2014
Consumption of stores and spare parts	1,302.75	1,093.04
Power and fuel	2,016.11	1,830.56
Carriage inwards	117.43	110.45
Repairs and maintenance		
- Buildings	105.32	192.05
- Plant and equipment	131.91	93.60
- Others	1,245.84	866.16
Effluent treatment charges	367.55	415.59
Packing material	248.00	227.33
Testing charges	12.54	17.31
Increase / (decrease) in provision for excise duty on finished goods	15.77	(3.85)
	5,563.22	4,842.24

30. Other expenses

	March 31, 2015	March 31, 2014
Rent	449.90	143.48
Rates and taxes	157.12	74.12
Travelling and conveyance	538.72	492.33
Legal and professional fees	487.95	269.22
Payment to auditors		
- As auditor	27.25	26.79
- For reimbursement of expenses	0.71	1.79
Insurance	167.29	187.48
Advertisement	10.12	14.18
Sales promotion expenses including sales commission	804.41	2,219.94
Freight and forwarding charges	639.05	422.93
Provision for doubtful debts and advances, net	149.34	148.18
Foreign exchange loss, net	69.30	336.46
Loss on sale of assets, net	33.64	14.33
Directors commission	10.00	35.00
Sitting fees	14.10	9.80
Research and development expenses	1,080.53	1,082.62
Other expenses	489.90	355.17
	5,129.33	5,833.82

31. Exceptional item

	March 31, 2015	March 31, 2014
Revenue from EPC contract	1,726.64	-
Less:- Cost of execution of EPC contract	(1,726.64)	-
	-	-

During the year, the Company has executed an EPC Contract of setting up of a dedicated manufacturing block in accordance with the Engineering, Procurement, Construction Agreement entered with one of its customer. As per the terms of the arrangement, the expenditure incurred for execution of the contract is billed to the customer at cost. The transaction was considered as an item of exceptional nature, owing to the materiality and being non-recurring in nature. Accordingly, the net impact is disclosed under the head 'Exceptional Item'.



32. Related party disclosures

(a) Names of the related parties and nature of relationship

Names of related parties	Nature of relationship
NHSPL	Holding company
NPRPL	Fellow subsidiary
Dr. D. R. Rao	
Mr. D. Sucheth Rao	Various and state of the area and all (!!VAAD!!)
Mr. D. Saharsh Rao	Key management personnel ("KMP")
Mr. N S Viswanathan	
Mrs. D. Vijaya Rao	
Mrs. D. Rohini N Rao	Relative of KMP
Mrs. D. Deepthi Rao	

(b) Transactions with related parties

	For the Year Ended	For the Year Ended
	March 31, 2015	March 31, 2014
NHSPL		
Sale of products	491.10	-
Purchase of raw-materials	1.09	
Corporate support fee	19.02	-
Reimbursement of expenses	116.28	154.14
Sales commission	-	14.65
Rent paid	-	2.34
NPRPL		
Sale of products	94.25	232.15
Purchase of raw-materials	7.74	3.59
Corporate support fee	190.20	-
Rent received	231.60	231.60
Reimbursement of expenses	560.37	673.90
Research and development services received	808.90	685.04
Sales commission	793.02	1,946.14
Transactions with KMP		
Dr. D. R. Rao		
Managerial remuneration, including performance incentive	120.06	145.04
Office Maintenance	-	4.20
Mr. D. Sucheth Rao		
Managerial remuneration, including performance incentive	90.00	114.41
Mr. D. Saharsh Rao		
Managerial remuneration	87.07	57.10
Mr. N S Viswanathan		
Managerial remuneration	92.56	66.54
Transactions with relatives of KMP		
Mrs. D. Vijaya Rao		
Rent paid	43.20	-
Rental deposit	19.20	-

(c) Balances receivable / (payable)

	As at	As at
	March 31, 2015	March 31, 2014
NHSPL	(1,125.30)	(2,813.93)
NPRPL	(184.23)	(1,277.02)
Mrs. D. Vijaya Rao	(4.32)	-
Dr. D. R. Rao	(5.98)	(53.93)
Mr. D. Sucheth Rao	(5.09)	(48.84)
Mr. D. Saharsh Rao	(4.70)	(11.38)
Mr. N S Viswanathan	(4.07)	(3.30)

Note:

- (i) NHSPL, has extended corporate guarantee and pledged certain share of its holding in the Company in connection with the loans availed by the Company. Refer note 7 & 11.
- (ii) NPRPL, has extended corporate guarantee and created charge on certain immovable properties belonging to NPRPL in connection with the loans availed by the Company. Refer note 7 & 11.
- (iii) Dr. D. R. Rao and D. Sucheth Rao has extended personal guarantees in connection with the loans availed by the Company. Refer note 7 & 11.

(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 related parties, 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. The Company is in the process of updating the Transfer Pricing documentation for the financial year ended March 31, 2015. In opinion of the management, the same would not have an impact on these financial statements. Accordingly, these financial statements do not include the effect of the transfer pricing implications, if any.

33. Operating lease

Future minimum rentals receivable under the non-cancellable operating leases are as follows:

	March 31, 2015	March 31, 2014
Within one year	231.60	231.60
After one year but not more than five years	501.80	733.40
More than five years	-	-
	733.40	965.00

Future minimum rentals receivable under the non-cancellable operating leases are as follows:

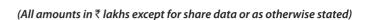
	March 31, 2015	March 31, 2014
Within one year	412.88	_
After one year but not more than five years	379.11	-
More than five years	-	-
	791.99	-

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34. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to ₹ 290.34 (March 31, 2014: ₹ 166.54).

35. Contingent liabilities

	March 31, 2015	March 31, 2014
Disputed income tax liabilities	1,656.11	1,656.11
Disputed service tax liabilities	138.51	138.51

Note:

Certain disputes, for unascertained amounts, are pending in the Labour Courts, A.P. As the chances of appellants succeeding in their claims being remote, the Company expects no liability on this account."

During 2004, the Company was allotted land by the Andhra Pradesh Industrial Infrastructure Corporation Limited ("APIIC") for setting up a basic research and development center. Subsequently public interest litigation 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. The Company has been named as one of the parties to the said writ petition and the case is currently pending for hearing at Hon'ble High Court of Andhra Pradesh. If there is an adverse ruling against the Company, the estimated financial impact on the Company would be approx. ₹ 2,792.

36. Segment reporting

- (a) Group's operations are predominantly related to the manufacture of bulk drugs, accordingly there is only one primary reportable segment. Secondary reportable segments are identified taking into account the geographical markets available to the products, differing risks and returns and internal reporting system.
- (b) The following table shows revenue by geographical segment:

	March 31, 2015	March 31, 2014
Europe	22,190.57	20,166.74
India	12,595.49	12,228.82
USA	6,477.75	6,501.12
Rest of the world	5,729.66	8,016.28
	46,993.47	46,912.96

(c) The following table shows the carrying value of total assets by geographical segment - receivables are specified by location of customers and other assets is specified by location of assets:

	March 31, 2015	March 31, 2014
Europe	4,797.50	4,854.95
India	42,294.60	40,052.63
USA	1,953.75	1,872.88
Rest of the world	2,107.07	1,567.62
	51,152.92	48,348.08

(d) The entire additions to fixed assets during current and previous year as disclosed in note 15 & 16 to the consolidated financial statements relates to capital expenditure incurred in India.

37. Earnings per equity share [EPES]

	Amount in ₹ L			
		March 31, 2015	March 31, 2014	
a)	Net profit attributable to equity shareholders	1,594.69	2,680.73	
b)	Computation of weighted average number of equity shares:			
	Weighted average number of shares	81,73,893	76,55,678	
	Add: Proportionate addition to opening number of shares due to adjustment	3,68,293	6,37,000	
	factor*			
	Adjusted weighted average equity shares for computation of Basic EPES	85,42,186	82,92,678	
	Add: Effect of potential dilutive shares	1,799	2,435	
	Weighted average number of shares considered for computation of Diluted	85,43,985	82,95,113	
	EPE			
c)	EPES (in ₹)			
	Basic	18.67	32.33	
	Diluted	18.66	32.32	

^{*} EPES for the opening number of equity shares before the rights issue has been adjusted for the bonus element of rights issue in accordance with the provisions of AS 20 - Earnings per Share

38. Additional disclosure as required under paragraph 2 of 'General Instructions for the preparation of Consolidated Financial Statements' of the Schedule III to the Act

Amount in ₹ Lacs			ount in ₹ Lacs		
Name of the entity in the	As at March 31, 2015 For year ended March 31, 2015				
	Net assets (i.e., t total liabi		Share in prof	Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	
Parent					
Neuland Laboratories Limited	99.91%	16,124.15	98.96%	1,578.13	
Subsidiares					
Indian					
CATO Research Neuland India Private Limited	0.11%	17.05	-0.31%	(4.93)	
Foreign					
Neuland Laboratories INC	-0.13%	(21.01)	1.23%	19.66	
Neuland Laboratories KK	0.26%	42.20	0.02%	0.35	
Minority interest in all subsidiaries	-0.15%	(24.52)	0.09%	1.48	
	100.00%	16,137.87	100.00%	1,594.69	

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(All amounts in ₹ lakhs except for share data or as otherwise stated)

- (a) The disclosure requirement is applicable from current year onwards and hence comparitive information for the year ended March 31, 2014 is not applicable.
- 39. Additional information as required under paragraph 5 of the part II of the Schedule III to the Act to the extent either "Nil" or "Not Applicable" has not been furnished.

40. Comparatives

Previous year figures have been reclassified / regrouped wherever necessary, to confirm to current year presentation.

This is the Consolidated Summary of significant accounting policies and other explanatory information referred to in our report of even date.

For Walker Chandiok & Co LLP **Chartered Accountants** per Sanjay Kumar Jain Partner

Place: Hyderabad

Date: May 8, 2015

For and on behalf of Board of Directors of **Neuland Laboratories Limited**

Dr. D. R. Rao Chairman & Managing Director Humayun Dhanrajgir Director

> Sarada Bhamidipati **Company Secretary**

D. Sucheth Rao D. Saharsh Rao Director P. V. Maiya

Director

Director N. S. Viswanathan Chief Financial Officer

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.	Cato Research Neuland India Private Limited
Country	Japan	U.S.A	India
Reporting Currency	¥	US\$	₹
Exchange Rate	0.5206	62.605	1.00
Share Capital	15.37	0.45	51.10
Reserves & Surplus	36.66	152.20	(47.90)
Total Assets	71.30	206.03	17.34
Total Liabilities	71.30	206.03	17.34
Investments Made	-	-	-
Turnover	177.93	437.31	-
Profit before Taxation	2.54	26.86	(4.93)
Provision for Taxation	2.20	7.19	-
Profit after Taxation	0.34	19.67	(4.93)
Proposed Dividend	-	-	-
% of shareholding	100%	100%	70%

Notes:

There is no subsidiary which is yet to commence operations.

There is no subsidiary which has been liquidated or sold during the year.

For and on behalf of Board of Directors of **Neuland Laboratories Limited**

Dr. D. R. Rao Chairman & Managing Director

> Humayun Dhanrajgir Director

Sarada Bhamidipati Company Secretary D. Sucheth Rao Director P. V. Maiya

Director

D. Saharsh Rao
Director
N. S. Viswanathan
Chief Financial Officer

Place: Hyderabad Date: May 8, 2015

NOTES:

NOTES:



APIS CMS PEPTIDES

Neuland Laboratories Limited Sanali Info Park, 'A' Block Ground Floor, 8-2-120/113 Road No. 2, Banjara Hills Hyderabad, 500034

