



# NEULAND LABORATORIES LIMITED

## Registered Office:

Sanali Info park, 'A' Block, Ground floor, 8-2-120/113, Road no.2, Banjara Hills, Hyderabad – 500034.

### NOTICE

NOTICE is hereby given that Twenty Ninth Annual General Meeting of the Members of Neuland Laboratories Limited will be held on Friday, the 2nd day of August, 2013 at 2.30 p.m. at Kohinoor, Taj Deccan, Road No. 1, Banjara Hills, Hyderabad - 500 034 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at March 31, 2013, 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 ₹1.20 per Equity share to the shareholders for the financial year 2012-13.
3. To appoint a Director in place of Mr. P.V. Maiya who retires by rotation and being eligible offers himself for re-appointment as a Director.
4. To appoint a Director in place of Mr. Humayun Dhanrajgir who retires by rotation and being eligible offers himself for re-appointment as a Director.
5. To consider and if thought fit to pass the following resolution as Ordinary Resolution:

“RESOLVED THAT M/s. K. S. Aiyar & Co., Chartered Accountants, (Registration No. 100186W), be and are hereby appointed as the Statutory Auditors of the Company from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to reimbursement of all out-of-pocket expenses in connection with the audit of the accounts of the Company for the financial year ending March 31, 2014.”

### SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the provisions of Section(s) 198, 269, 309 and 310 read with Schedule XIII and any other applicable provisions of the Companies Act, 1956, subject to such approvals if any required, Mr. D. Sucheth Rao be and is hereby re-appointed as Whole Time Director designated as Chief Executive Officer of the Company for a period of five (5) years effective from 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, as set out below:

Salary: ₹3,78,000 per month with authority granted to the Board of Directors (hereinafter referred to as “the Board” which term shall include a Committee of Directors thereof) to determine the salary and grant increases from time to time. The annual or other increments will be merit based and will take into account the Company's performance.

Perquisites: Mr. D. Sucheth Rao shall be entitled to perquisites, allowances, benefits, facilities and amenities (collectively called “perquisites”) such as unfurnished residential accommodation, medical reimbursement, leave travel assistance/allowance, membership fees of clubs, hospitalization and accident insurance, security at residence and any other perquisites as per policy/rules of the Company in force or as may be approved from time to time provided that aggregate cost to the Company of such perquisites does not exceed ₹7,20,000 per annum with authority to the Board to modify the same from time to time.

In addition to the above, Mr. D. Sucheth 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.

- i. Company maintained car with driver
- ii. 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;

iii. Gratuity payable at a rate not exceeding half a month's salary for each completed year or service, and,

iv. Encashment of leave at the time of retirement.

Commission: As may be decided by the Board within the overall ceiling limit of 5% of the net profits of the Company as per the Companies Act, 1956

**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. D. Sucheth Rao, the remuneration by way of salary, perquisites, commission or any other allowances as specified above and in accordance with the limits specified under the Companies Act, 1956 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. D. Sucheth Rao.

**RESOLVED FURTHER THAT** the Board or Mr. D. Sucheth Rao shall be entitled to terminate the appointment of Mr. D. Sucheth 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 authorise to do all such acts, deeds, matters and things 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.

For and on behalf of the Board  
Sd/-

Hyderabad

May 10, 2013

**DR. D. R. RAO**  
**CHAIRMAN & MANAGING DIRECTOR**

#### NOTES

- 1. 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.**

- 2. THE PROXY FORMS TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

3. Members are requested to intimate to the Registrars of the Company, M/s. Karvy Computershare Private Limited, Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500081 changes, if any, in their registered address along with Pin Code. Members whose shareholdings are in dematerialized form are requested to send the intimation for change of address to their respective depository participant(s).
4. 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.
5. 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.
6. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered office of the Company on all working days, between 11.00 a.m. to 1.00 p.m. upto the date of the meeting.
7. The Company has notified closure of Register of Members and Share Transfer Books of the Company will remain closed from July 26, 2013 to August 2, 2013 (both days inclusive) for determining the names of members eligible for dividend on Equity shares, if declared at the meeting.
8. Members desiring any information as regard accounts are requested to write to the Company on or before July 26, 2013, to the attention of the Company Secretary, so as to enable the Company to keep the information ready.
9. Members/Proxies are requested to bring the attendance slip filled in for attending the Meeting.
10. 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.

11. 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, M/s. 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.
12. 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 Company / Karvy.
13. Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the amounts of dividends remaining unclaimed for a period of seven years are to be transferred to Investor Education and Protection Fund (IEPF). Information in respect of such unclaimed dividend and the dates by which they need to be transferred is given below:

| Financial year | Date of declaration  | Due date for transfer to IEPF |
|----------------|----------------------|-------------------------------|
| 2005-06        | Aug 10, 2006         | Sept 9, 2013                  |
| 2006-07        | July 20, 2007        | Aug 19, 2014                  |
| 2007-08        | July 24, 2008        | Aug 23, 2015                  |
| 2008-09        | July 18, 2009        | Aug 17, 2016                  |
| 2009-10        | No dividend declared | Not Applicable                |
| 2010-11        | No dividend declared | Not Applicable                |
| 2011-12        | No dividend declared | Not Applicable                |

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. Once the amounts in the unpaid dividend are transferred to the IEPF, no claim shall lie against IEPF or the Company in respect thereof and the Members will lose their right to claim such dividend.

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. The brief profile of the Directors proposed to be appointed/re-appointed pursuant to Clause 49(IV)(G) (i) of the Listing Agreement is given in the section on Corporate Governance.
17. The Company has implemented the 'Green Initiative' as per Circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs (MCA) to enable electronic delivery of notices/documents and annual reports to shareholders. Henceforth, the email addresses indicated in your respective Depository Participant (DP) accounts which will be periodically downloaded from NSDL/CDSL will be deemed to be your registered email address for serving notices/documents including those covered under Section 219 of the Companies Act, 1956.

The annual report for the financial year 2012-13 is available on the Company's website, i.e., [www.neulandlabs.com](http://www.neulandlabs.com). The physical copy of the annual report has been sent to those members who have either opted for the same or have not registered their email addresses with the Company / depository participant. The members will be entitled to a physical copy of the annual report for the financial year 2012-13, free of cost, upon sending a request to the Company Secretary through email to [ir@neulandlabs.com](mailto:ir@neulandlabs.com) or write to the registered office address, i.e., Sanali Infopark, A Block, Ground Floor, 8-2-120/113, Road No.2, Banjara Hills, Andhra Pradesh, Hyderabad-500034, India.

Members holding shares in electronic mode are therefore requested to keep their email addresses updated with the Depository Participants. Members holding shares in physical mode are also requested to update their email addresses by writing to the Registrar and Transfer Agent of the Company

at the address mentioned in (3) above quoting their folio number(s).

**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956**

**Item 6**

Mr. D. Sucheth Rao is a Mechanical Engineer and has completed his Masters in Business Administration in Corporate Finance from the University of Notre Dame, USA. He held the position of Production Group leader in Cummins Inc, USA and later went on to become a Green belt in Six Sigma. He joined the Company in 2002 as the Senior Vice President Operations and was later appointed on the Board of the Company in 2003.

Mr. D. Sucheth Rao was re-appointed as the Whole Time Director of the Company at the 24th Annual General Meeting held on July 24, 2008 for a period of 5 years ending on July 31, 2013. Mr. Sucheth Rao has been actively involved in international pharmaceutical markets, business strategy, business development and research and development functions of the Company.

Under his leadership, the Company has taken major initiatives in streamlining the sales planning process, working capital management, critical chain project management and other cost optimization initiatives like process improvement and development through Research and Development and improvement of profitability through change in product mix by focusing niche products. The Company has also reorganized financially and deleveraged during this period.

The Board of Directors, at their meeting held on May 10, 2013, had recommended the re-appointment of Mr. D. Sucheth Rao as Whole Time Director designated as Chief Executive Officer of the Company for a further period of 5 years commencing effective August 1, 2013 on the terms and conditions and remuneration as set out in the Resolution under this item of the accompanying notice.

Mr. Sucheth Rao holds 100 shares of the Company. His other directorships and committee positions are given below:

| Name of the Company                         | Name of the Committee |
|---|-----------------------|
| Neuland Health Sciences Private Limited     | None                  |
| Neuland Pharma Research Private Limited     | None                  |
| CATO Research Neuland India Private Limited | None                  |

The resolution set out in the notice under this item and the explanatory statement shall be treated as an abstract under section 302 of the Companies Act, 1956.

Except Mr. D. Sucheth Rao, Dr. D. R. Rao and Mr. D. Saharsh Rao, no other director is interested or concerned in the above item of business.

For and on behalf of the Board

Sd/-

Hyderabad  
May 10, 2013

**DR. D. R. RAO**  
**CHAIRMAN & MANAGING DIRECTOR**



## NEULAND LABORATORIES LIMITED

### Registered Office

Sanali Infopark, A Block, Ground Floor, 8-2-120/113, Road No.2, Banjara Hills, Hyderabad – 500034

### 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 Twenty Ninth Annual General Meeting of the shareholders of Neuland Laboratories Limited at Kohinoor, Hotel Taj Deccan, Banjara Hills, Hyderabad at 2.30 p.m. on Friday, August 2, 2013.

|            |                |
|------------|----------------|
| DP ID*     | Reg. Folio No. |
| Client ID* | No. of Shares  |

\* Applicable if shares are held in electronic form

Name & Address of Member

Signature of  
Shareholder/Proxy/Representative  
(Please Specify)



## NEULAND LABORATORIES LIMITED

### Registered Office

Sanali Infopark, A Block, Ground Floor, 8-2-120/113, Road No.2, Banjara Hills, Hyderabad – 500034

### PROXY FORM

(To be filled in and signed by the Shareholder)

|            |                |
|------------|----------------|
| DP ID*     | Reg. Folio No. |
| Client ID* | No. of Shares  |

\* Applicable if shares are held in electronic form

I/We \_\_\_\_\_ resident/s of \_\_\_\_\_ in the district of \_\_\_\_\_ in the state of \_\_\_\_\_ being a shareholder/ shareholder(s) of Neuland Laboratories Limited, Hyderabad, hereby appoint Shri/ Smt. \_\_\_\_\_ resident of \_\_\_\_\_ in the district of \_\_\_\_\_ in the state of \_\_\_\_\_ or failing him/her appoint Shri/Smt. \_\_\_\_\_ resident of \_\_\_\_\_ in the district of \_\_\_\_\_ in the state of \_\_\_\_\_ as my/our proxy to vote for me/us and on my/our behalf at the Twenty Ninth Annual General Meeting of the shareholders of Neuland Laboratories Limited to be held on Friday, August 2, 2013 at Kohinoor, Hotel Taj Deccan, Banjara Hills, Hyderabad and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013

Please affix  
Fifteen  
paise  
Revenue  
Stamp

Signature of the Proxy

Signature of first named/sole shareholder  
Name in Block Letters \_\_\_\_\_

Address \_\_\_\_\_

Note: a. Proxy need not be a member.

b. This instrument of proxy shall be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting







Neuland

Experience. Insight. Vision.

The Right  
Chemistry

NEULAND LABORATORIES LIMITED

29TH ANNUAL REPORT 2012-13

### 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 realised, 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 materialise, 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

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**17%**  
CAGR growth in revenue  
in the last 10 years

**45%**  
CAGR growth in Net Profit  
in the last 10 years

**43**  
products launched in the  
last 10 years

In the three-decade long journey on our growth path, the current phase is amongst one of the most promising and exciting one. We have built our API-focused business on sound foundations of research capability, process know-how, efficient manufacturing, ethical and lasting customer relations and unstinting pursuance of Environment, Health and Safety (EHS). The strength of our business foundation gets reflected in revenue growth of 17% CAGR and net profit growth of 45% CAGR over the last 10 years. During the same period, our product portfolio has expanded from 17 to 60 products while the number of DMFs across geographies has grown from 34 to 391.

Our aspiration of playing a significant role in the global pharmaceutical industry has been fast taking shape in the last couple of years. Our efforts in this direction did accelerate in the fiscal year 2012-13. We re-organised our business, infused fresh capital, reduced our debt, expanded our product portfolio and further lowered our cost of operations. While instant impact were visible in our net profit growth of 571.11% and debt equity ratio improving by 630 basis points, the true potential of these steps are going to be realized over coming years.

At Neuland Laboratories, we have struck 'the right chemistry' from product portfolio and pipeline management to process expertise to people capabilities to strategic partnerships. Going forward, we will strive to leverage our new found strength in a way that the interests of all our stakeholders – customers, employees, partners, Government, community and investors– are all addressed. Our business will become more meaningful with stakeholders' interest by striking ***the right chemistry!***



## Striking the right chemistry with Customers

### New products launched:

Levofloxacin  
Hemihydrate

Entacapone

Donepezil HCl

Olanzapine Form I

Levetiracetam

Customer-centricity, one of the core values of “The Neuland Way”, is a vital pillar of our vision. It drives us in understanding and fulfilling customer needs, every single time. From understanding their needs to responding with a customized action plans to walking that extra mile to create mutual benefits; we keep our customers’ interest at the forefront of everything we do. Rightly then, we have the privilege of working with customers across the pharmaceutical universe. Today, we pride ourselves on lasting customer relations with an average age of our relationship being 15 years and the longest serving one being more than 25 years.

In line with the growing needs of our customers and their growing confidence in our capabilities, we have transformed ourselves from a single-product manufacturer to a global multi-product, multi-therapeutic APIs and Intermediates company. While Flouroquinolones, our oldest product group continues to drive volume growth even today, we have added many high value products such as Salmeterol Xinafoate, Paliperidone Palmitate and various other products to enhance our margins. In order to serve our customers better, we have successfully added five new products to our portfolio during the year. Our pipeline of 19 new products across multiple therapeutic segments will further widen our customer offerings over the coming years.

Our transparent approach to never compete with our customers continues to position us as a preferred supplier to leading global pharmaceutical companies, generics and innovators alike. Our ever expanding product portfolio is aimed at proving multiple solutions under-one-roof to our customers. We continued enhancing our value proposition for customers by pursuing excellence in product quality and cost competitiveness.

In order to stay closer to our existing customers while adding new ones, we continue participating in various international and domestic forums such as CPHi, DCAT and INFORMEX among others. Being a preferred and long-trusted supplier to the top generic companies in the world is testament to our manufacturing capabilities and customer relations. Going forward, we will continue strengthening our passion for best practices, adherence to regulatory compliances and adoption of technological advances.