NEULAND
WHERE OPPORTUNITY BECOMES REALITY

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November 22, 2017

To
B S E Limited
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street,
Mumbai - 400 001

Scrip Code: 524558

To
The National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex
Bandra (E)
Mumbai - 400 001

Scrip Code: NEULANDLAB
Series: EQ

Dear Sirs,

Sub: Press Release

Please find attached a copy of the Press Release being issued by the Company and the same is being uploaded on the website of the Company.

This is for your information and records.

Thanking you,

Yours faithfully,

For **Neuland Laboratories Limited**

Sarada Bhamidipati
Company Secretary

NEULAND LABORATORIES LTD. HYDERABAD

Encl : as above

Neuland Q2 FY18 income at Rs. 1,261.9mn

Hyderabad, India, November 22, 2017 - Neuland Laboratories Limited(NLL) (NSE: NEULANDLAB; BSE-Scrip Code:524558), a pharmaceutical manufacturer providing active pharmaceutical ingredients (APIs), complex intermediates and custom manufacturing solutions services to customers located in around 80 countries, today announced financial results for the second quarter (Q2FY18) and six months (H1FY18) ended September 30th, 2017.

Financial Highlights

Standalone H1FY18 (Y/Y%)

- Total Operating income was Rs. 2,463.3mn for H1FY18 as compared to Rs. 3,039.6mn in the H1FY17, a decrease of 19%
- EBITDA stood at Rs. 279.9mn as compared to Rs. 501.9mn during the same period in the previous year (H1FY17), down by 44%
- EBITDA Margin at 11.4% for H1FY18 as against 16.5% in H1FY17
- Net profit stood at Rs. 48.9mn for H1FY18 as compared to Rs. 197.4mn in H1FY17, a decrease of 75%
- Basic EPS stood at Rs. 5.51 as against Rs. 22.22 in H1FY17, a decrease of 75%

Standalone Q2FY18 (Y/Y%)

- Total Operating income was Rs. 1,261.9mn for Q2FY18 as compared to Rs. 1,519.1mn in the corresponding period of the previous year reflecting a decrease of 17%
- EBITDA stood at Rs. 147.0mn as compared to Rs. 251.5mn during the corresponding period of previous year, a decrease of 42%
- EBITDA Margin at 11.6% for Q2FY18 as against 16.6% in Q2FY17
- Net profit stood at Rs. 25.9mn for Q2FY18 as compared to Rs. 102.3mn in the corresponding period of the previous year, a decrease of 75%
- Basic EPS stood at Rs. 2.92 as against Rs. 11.52 in the corresponding quarter of last fiscal

Commenting on the performance Mr. Sucheth Davuluri, Vice-Chairman and CEO of the Company said *"The performance of this quarter was impacted due to lower than expected sales in Ciprofloxacin, Salmeterol and a product in the CMS segment. Also, we continue to face capacity constraints in our Unit-1 that prevented us from delivering more orders this quarter."*

He also added, "The Board has given an in-principle approval to acquire a registered facility and we believe that this process when consummated will address capacity constraints as well as our growth aspirations."

In addition, **Mr. Saharsh Davuluri, Joint Managing Director, Neuland Labs added** "*The CMS pipeline continues to be robust and in order to give more visibility to our investors, we have started giving detailed operating metrics of the CMS project and commercial pipeline starting this quarter. We are also pleased to inform that the Board of Directors have appointed Mr. Amit Agarwal as the Chief Financial Officer. He brings along over 20+ years of experience in the field of financial management, corporate finance and foreign trade."*

Business Performance

Business Saliency

- The total operating revenues for the Q2FY18 account for 55% (53% for Q2FY17 and 61% for Q1FY18) from prime products, 23% (29% for Q2FY17 and 19% for Q1FY18) from niche APIs and the remaining 22% (19% for Q2FY17 and 19% for Q1FY18) from CMS business.
- From a project perspective, the Company derived CMS revenues from 8 projects (8 in Q2FY17 and 11 in Q1FY18) of which 5 are in commercial stage and remaining 3 being in the clinical stage.

CMS Pipeline Details

Q3 FY18	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	5	2	4	2	6	5	24
Intermediate				7		5	12
Grand Total	**5**	**2**	**4**	**9**	**6**	**10**	**36**

Q3 FY17	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	1	2	3	3	3	5	17
Intermediate				7		5	12
Grand Total	**1**	**2**	**3**	**10**	**3**	**10**	**29**

Q1 FY17	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	1	1	3	1	2	5	13
Intermediate				3		5	8
Grand Total	**1**	**1**	**3**	**4**	**2**	**10**	**21**

Addition of New Manufacturing Facility

The Board has approved purchase of a manufacturing facility, comprising of land, buildings, plant, machinery and equipment, owned by Arch Pharmalabs Limited situated at Gaddapotharam, Jinnaram Mandal, Sanga Reddy District, under the provisions of SARFAESI Act from JM Financial Asset Reconstruction Company ("JMFARC") by mutual consent. The purchase would take place by way of execution of a Sale Certificate by JMFARC in accordance with the provisions of the SARFAESI, upon completion certain Conditions.

Q2FY18 Earnings Call

The company will conduct a one-hour Earnings call at **05:00 PM IST** on **Wednesday, November 22nd, 2017** where the management will discuss the company's performance and answer questions from participants. To participate in this conference call, please dial the numbers provided below ten minutes ahead of the scheduled start time. The dial-in number for this call is **+91 22 3938 1099**. Other numbers are listed in the conference call invite which is posted on our website. Please note that the transcript of the conference call will be uploaded on the company website in due course.

About Neuland Laboratories Limited

For over 33 years, Neuland Labs has been at the forefront of manufacturing APIs through its cGMP manufacturing facilities, working with customers in close to 80 countries. Neuland Labs has developed more than 300 processes and 75 APIs, and it has filed around 51 U.S. drug master files (USDMFs) and a total of around 650 Regulatory filings in the European Union (EU) and other geographies. Its manufacturing facilities are inspected and approved by the U.S. FDA and other leading regulatory agencies. Its record of quality manufacturing and reliability is highlighted by cGMP certifications that include the U.S. FDA, TGA (Australia), EDQM (EU), German Health Authority, ANVISA (Brazil), EMA (EU), Cofepris (Mexico), KFDA (Korea), PMDA (Japan), Health Canada, ISO 9001, ISO14001, OHSAS18001 and ISO 27001. For more information, visit www.NeulandLabs.com.

If you have any questions or require further information, please feel free to contact

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