

November 2, 2018

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: NEULANLAB
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

Encl : as above



Neuland Q2 FY19 income at Rs.1,693.8 mn, PAT at Rs. 44.0 mn

Hyderabad, India, November 2, 2018 - 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 (Q2FY19) ended September 30, 2018.

Financial Highlights

Standalone Q2FY19 (Y-o-Y)

- Total Revenue was Rs. 1,693.8 mn as compared to Rs. 1,303.3 mn, reflecting an increase of 30%
- EBITDA stood at Rs. 152.9 mn as compared to Rs. 144.2 mn
- EBITDA Margin at 9.0% for Q2FY19 as against 11.1%
- Net profit stood at Rs. 44.0 mn for Q2FY19 as compared to Rs. 24.0 mn
- Basic EPS stood at Rs. 3.43 as against Rs. 2.15

Standalone Q2FY19 (Q-o-Q)

- Total Revenue was Rs. 1,693.8 mn as compared to Rs. 1,550.7 mn, reflecting an increase of 9.2%
- EBITDA stood at Rs. 152.9 mn as compared to Rs. 100.9 mn
- EBITDA Margin at 9.0% for Q2FY19 as against 6.5%
- Net profit stood at Rs. 44.0 mn for Q2 FY19 as compared to Rs. 4.1 mn
- Basic EPS stood at Rs. 3.43 as against Rs. 0.35

Standalone H1FY19 (Y-o-Y)

- Total income was Rs. 3,244.5 mn as compared to Rs. 2,500.5 mn, an increase of 30%
- EBITDA stood at Rs. 253.8 mn as compared to Rs. 250.5 mn, up by 1.3%
- EBITDA Margin at 7.8% for H1FY19 as against 10.0%
- Net profit stood at Rs. 48.1 mn for H1FY19 as compared to Rs. 30.2 mn, an increase of 59.5%
- Basic EPS stood at Rs. 3.90 as against Rs. 2.71, an increase of 44%

Commenting on the performance Mr. Sucheth Davuluri, Vice-Chairman and Chief Executive Officer of the Company said *“The revenue growth has been firm, and this trend has continued over last couple of quarters. The growth was primarily driven by significant improvement in volumes of Prime and Niche Products. The contribution from the CMS segments was sub-optimal.”*

He also added, *“The profitability margins could have been far better but for the continued increase of raw material prices, some of which we have passed on to our customers. We are using backward integration as an important strategy to address the raw material situation.”*

In addition, **Mr. Saharsh Davuluri, Joint Managing Director, Neuland Labs added** *“As mentioned in the last quarter, we have a few commercial-stage CMS projects initiated in this quarter which will be key to medium-term growth. We are still in the early part of the maturity cycle in the CMS business and therefore expect the contribution from this business to be volatile. ”*

He also added, *“Our newly acquired facility has started backward integration in later part of Q2 for some of the products, significant impact of which will be visible from Q4 onwards.”*

Business Performance

Operational Highlights

- Niche products growth driven by Dorzolamide, Deferasirox (launch quantities) and Donepezil
- Capacity balancing between Unit 1 and 2 is almost complete with no significant back orders.

Business Saliency

- The total operating revenues for the Q2FY19 account for 67% (55% for Q2FY18 and 67% for Q1FY19) from prime products, 25% (23% for Q2FY18 and 20% for Q1FY19) from niche APIs and the remaining 8% (22% for Q2FY18 and 12% for Q1FY19) from CMS business.
- From a project perspective, the Company derived CMS revenues from 9 projects (8 for Q2FY18 and 9 for Q1FY19) of which 4 are in commercial stage and remaining 5 being in the clinical stage.

CMS Pipeline Details

Q2 FY19	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	7	2	1	4	6	5	25
Intermediate	1	2		8	3	7	21
Grand Total	8	4	1	12	9	12	46

Q1 FY19	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	7	2	2	4	6	5	26
Intermediate	1	1		7	2	7	18
Grand Total	8	3	2	11	8	12	44

Q2 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

Q2 FY19 Earnings Call

The company will conduct a one-hour Earnings call at **03:30 PM IST on Friday, November 2nd, 2018** 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 numbers for this call are **+91 22 6629 0021 / +91 22 7194 5721**. 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

Neuland Labs is a leading pharmaceutical company engaged in the manufacturing of APIs through its cGMP manufacturing facilities, working with customers in over 80 countries. Neuland Labs has filed around 55 U.S. drug master files (USDMFs) and a total of around 675 Regulatory filings in the European Union (EU) and other jurisdictions. 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, CFDA (China), 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

IR Department at Neuland

Tel: +91 40 3021 1600, Email: ir@neulandlabs.com

Jenna Palmieri, Neuland Laboratories Inc., USA

Email: jenna@neulandlabs.com