NEULAND
WHERE OPPORTUNITY BECOMES REALITY

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February 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: 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

Encl : as above

Neuland Q3 FY18 income at Rs. 1,172.8 mn

Hyderabad, India, February 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 third quarter (Q3FY18) and nine months (9MFY18) ended December 31st , 2017.

Financial Highlights

Standalone 9MFY18 (Y/Y%)

- Total income was Rs. 3,636.1mn for 9MFY18 as compared to Rs. 4,388.5 mn in 9MFY17, a decrease of 17%
- EBITDA stood at Rs. 392.3 mn as compared to Rs. 656.8 mn during the same period in the previous year (9MFY17), down by 40%
- EBITDA Margin at 10.8% for 9MFY18 as against 15.0% in 9MFY17
- Net profit stood at Rs 61.0 mn for 9MFY18 as compared to Rs. 233.7 mn in 9MFY17, a decrease of 74%
- EPS stood at Rs. 6.87 as against Rs. 26.3 in 9MFY17, a decrease of 74%

Standalone Q3FY18 (Y/Y%)

- Total income was Rs. 1,172.8 mn for Q3FY18 as compared to Rs. 1,348.9 mn in the corresponding period of the previous year reflecting a decrease of 13%
- EBITDA stood at Rs. 112.3 mn as compared to Rs. 154.9 mn during the corresponding period of previous year, a decrease of 27.5%
- EBITDA Margin at 9.6% for Q3FY18 as against 11.5% in Q3FY17
- Net profit stood at Rs. 12.1 mn for Q3FY18 as compared to Rs. 36.3 mn in the corresponding period of the previous year, a decrease of 67%
- EPS stood at Rs. 1.36 as against Rs. 4.09 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 continued to be under pressure with lower revenues in some of our GDS products as well as the CMS business. With the volume related issues getting resolved gradually at customer end as well as at our end, we should see recovery in our volumes going forward."*

He also added, "The mood within the Company is buoyant with the addition of the new Unit 3 facility in tough and challenging times, a reflection of the future growth prospects. While the Unit 3 will take some time to ramp up in terms of products and revenues, we believe the run way is set for this facility to start delivering in the next fiscal."

In addition, **Mr. Saharsh Davuluri, Joint Managing Director, Neuland Labs added** "*Although our 9 months performance is muted, we are seeing a good traction from Q4 onwards for our key products including Ciprofloxacin."*

He also added, *"The Company is focussing on operational efficiencies and improvement in production as well as product processes to sustain margins. Our research pipeline will help us deliver growth over medium term."*

Business Performance

Update on Operations

- Unit-1 Chinese FDA inspection completed in December 2017
- Scaled up one CMS product and Aripiprazole Lauroxil for the GDS business
- Filed USDMF & CEP for Aripiprazole Anhydrous

Unit 3 Update

The company has purchased a multi-product manufacturing facility from Arch Pharmalabs Limited. The facility is spread across approximately 12 acres and has a capacity of about 197 KL. It was inspected by the USFDA in 2015. It is a multi-product facility and has five production blocks for API manufacturing and advance intermediate manufacturing. It also has capabilities for on-site development, analytical method development, quality control laboratory and a pilot plant.

The Unit 3 would serve as a backward Integration facility for a number of products that we currently manufacture apart from de-risking raw material supply for existing products. It also gives the Company flexibility to add new high-volume products while creating additional capacity for new CMS products as well as doubling up as an alternate site for existing products.

Business Saliency

- The total operating revenues for the Q3 FY18 account for 60% (54% for Q3FY17 and 55% for Q2FY18) from prime products, 27% (18% for Q3FY17 and 23% for Q2FY18) from niche APIs and the remaining 13% (28% for Q3FY17 and 22% for Q2FY18) from CMS business.
- From a project perspective, the Company derived CMS revenues from 6 projects (12 in Q3FY17 and 8 in Q2FY18) of which 3 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	6	2	4	4	6	5	27
Intermediate	2	1		7		5	15
Grand Total	**8**	**3**	**4**	**11**	**6**	**10**	**42**

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**

Q3FY18 Earnings Call

The company will conduct a one-hour Earnings call at **03:30 PM IST** on **Friday, February 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 number for this call is **+91 22 3938 1009**. 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 34 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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