



Neuland Q1 FY18 total income at Rs. 120.1 cr

Audited by USFDA and EDQM in the quarter

Hyderabad, India, September 11, 2017 - Neuland Laboratories Limited (NLL) (NSE: NEULANLAB; 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 first quarter (Q1 FY18) ended June 30th, 2017.

The Company adopted Indian Accounting Standards ("Ind AS") from 1 April 2017 and accordingly these results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34. Financial results for corresponding period presented have been prepared in accordance with the recognition and measurement principles of Ind AS 34.

Financial Highlights

Standalone Q1 FY18 (Y/Y%)

- Total income was Rs. 120.1 cr for Q1 FY 18 as compared to Rs. 152.0 cr in Q1 FY 17, a decrease of 21%
- EBITDA stood at Rs. 13.3 cr as compared to Rs. 25.0 cr during the same period in the previous year, down by 47%
- EBITDA Margin at 11.1% for Q1 FY 18 as against 16.5% in Q1 FY 17
- Net profit stood at Rs. 2.24 cr as compared to Rs. 9.45 cr in corresponding quarter, a decrease of 76%
- Basic EPS stood at Rs. 2.59 as against Rs. 10.7 in Q1 FY 17

Commenting on the performance Mr. Sucheth Davuluri, Vice-Chairman and CEO of the Company said *"The quarter has been a tough one as we grappled with a combination of factors that did not go in our favour. Topping the list was an order inflow and capacity mismatch where we saw a stronger than usual demand for products that had a capacity constraint and vice versa. While this was an operational limitation, we also were impacted in measures due to the implementation of GST and the uncertainty surrounding it and an unfavourable currency mix. An unscheduled USFDA and a EDQM audit in the last quarter also added to the operational challenges. We expect things to smoothen out and are confident of a gradual build up in the order momentum as we move forward."*

In addition, Mr. Saharsh Davuluri, Joint Managing Director, Neuland Labs added *"The long term outlook of the Company continues to remain bright and we are seeing good traction in the CMS business in terms of new projects. There is a high customer interest in Peptides and we have completed significant milestones in two peptide projects. Our process engineering lab which was commissioned recently is enabling us to work on Quality by Design (QBD) for NCE projects and this has already helped us with projects across the GDS and CMS business."*

Business Performance

Operational Highlights

- Unit-1 USFDA audit completed in April with 2 minor observations, EIR (Establishment Inspection Report) received
- Unit-2 EDQM audit completed in June, with no critical or major observations
- Process Engineering lab commissioned which is enabling us to work on QBD (Quality by Design) for NCE (New Chemical Entity) projects. Work from the lab has already helped us with projects across the GDS and CMS business.

Business Saliency

- The total operating revenues for the Q1FY18 account for 61% (47% for Q1FY17 and 44% for Q4FY17) from prime products, 19% (29% for Q1FY17 and 27% for Q4FY17) from niche APIs and the remaining 19% (24% for Q1FY17 and 25% from Q4FY17) from CMS business.
- From a project perspective, the Company derived CMS revenues from 11 projects (10 in Q1FY17 and 12 in Q4FY17) of which 8 are in commercial stage and remaining 3 being in the clinical stage

Update on Merger Scheme

The Scheme of amalgamation has been duly approved by the Securities and Exchange Board of India, shareholders, creditors of the Company and is subject to and pending for the requisite approvals, sanctions, consents, observations, clearances from the National Company Law Tribunal. The process of obtaining pending approvals is currently under progress. Although the scheme, on obtaining the requisite approvals, shall be effective from 1 April 2016, however, pending approvals and clearances and to comply with the Listing (Obligations and Disclosures) Regulations, 2015 the accompanying statement for the three months period ended 30 June 2017 have been prepared without giving any effect of the proposed transfer of business undertakings of Neuland Pharma Research Private Limited and Neuland Health Sciences Private Limited.

Q1FY18 Earnings Call

The company will conduct a one hour Earnings call at **05:30 PM IST** today 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 (DMFs) and a total of around 650 DMFs in the European Union (EU) and other countries. 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), SFDA, 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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