

November 4, 2016

To
BSE Limited
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street,
Mumbai - 400 001
Scrip Code: 524558

To
The National Stock Exchange Limited
Exchange Plaza, BandraKurla Complex
Bandra (E) Mumbai - 400 001
Scrip Code: NEULANLAB
Series: EQ

Neuland Laboratories Limited

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Dear Sirs,

Sub: Outcome of the Board Meeting held on November 4, 2016

Ref: Disclosure under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We hereby inform you that, the Board of Directors of our Company had at its meeting held on November 4, 2016, accorded approval to the following businesses:

- a. Unaudited Financial Results of the Company for the quarter ended September 30, 2016 and the Limited Review thereon by the auditors. The said financial results and limited review report by the auditors for the quarter ended September 30, 2016 are attached herewith.
- b. Scheme of Amalgamation and Arrangement amongst the Company, Neuland Health Sciences Private Limited ("NHSPL") and Neuland Pharma Research Private Limited ("NPRPL") and their respective shareholders and creditors. As a part of the proposed merger, both NHSPL and NPRPL will be amalgamating into NLL and consequently, equity shares of NLL would be issued to the shareholders of NHSPL and NPRPL.
- c. Took on record Independent Valuation Report dated November 4, 2016 submitted by Deloitte Haskins & Sells, Chartered Accountants and Fairness Opinion issued by M/s SBI Capital Markets Limited, SEBI registered Category I Merchant Bankers.

The Board of Directors of NHSPL and NPRPL, have at the meeting held on even date, also approved the aforementioned Scheme, subject to necessary approvals.

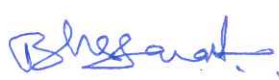
The information pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of the Scheme of Arrangement and Amalgamation is enclosed as Annexure to this outcome.

Also, please find enclosed a Press Release being issued on the above.

This for your information and records.

Thanking you,

Yours faithfully,
For Neuland Laboratories Limited


Sarada Bhamidipati
Company Secretary



Annexure

Details in terms of Para A of Part A of Schedule III of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated 9th September, 2015

a) Name of the entities forming part of the amalgamation/ merger, details in brief such as, size, turnover etc.

(Rs. Crores)			
Name of Entity	Balance Sheet Size	Turnover FY 16	Profit/ (Loss) FY 16
As on March 31, 2016 (Audited)			
Neuland Laboratories Limited ("NLL")	523.34	511.59	26.41
Neuland Health Sciences Pvt. Ltd. ("NHSPL")	41.34	2.39	(1.44)
Neuland Pharma Research Pvt. Ltd. ("NPRPL")	37.73	49.66	4.93
As on June 30, 2016 (Audited)			
Neuland Laboratories Limited*	556.82	150.25	9.71
Neuland Health Sciences Pvt. Ltd.	41.24	0.37	(1.05)
Neuland Pharma Research Pvt. Ltd.	35.55	18.58	5.67

*** Note: Limited Review by the Auditors**

b) Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms' length"

Yes. NHSPL and NPRPL are related parties to Neuland Laboratories Limited ("the Company"). NHSPL is the Holding Company of NLL and NPRPL is a subsidiary of the Holding Company of NLL.

The transaction is being undertaken based on independent Fair Valuation Report issued by Deloitte Haskins & Sells, Chartered Accountants, supported by a Fairness Opinion Report issued by SBI Capital Markets Limited, and shall be subject to the prior approval of shareholders and creditors of all the Companies, the stock exchanges where the shares of the Company are listed, Securities and Exchange Board of India, and The High Court of Judicature of Andhra Pradesh & Telangana / National Companies Law Tribunal, Hyderabad, and / or such other competent statutory/ regulatory authorities as may be required under applicable law.

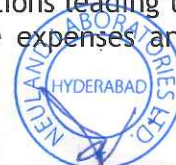
c) Area of business of the entities

Name of the Entity	Area of business
Neuland Laboratories Limited	Manufacturing of active pharmaceutical ingredients (APIs) and advanced intermediates
Neuland Health Sciences Pvt. Ltd.	Research and Development on synthesis of Peptides and Peptide building blocks and marketing of Peptides
Neuland Pharma Research Pvt. Ltd	Contract Research and Marketing Services company providing Custom Manufacturing Solutions ("CMS") to its customers with a focus on regulated markets



d) Rationale for amalgamation/ merger

- NLL is a manufacturer of active pharmaceutical ingredients (APIs) and advanced intermediates and is a solution provider for the pharmaceutical industry for chemistry related services.
- NHSPL is in the business of conducting research and development on synthesis of Peptides and Peptide building blocks and marketing of Peptides. NLL is the exclusive peptide manufacturer for NHSPL.
- NPRPL is a contract research and marketing services company providing Custom Manufacturing Solutions ("CMS") to its customers with a focus on regulated markets. The Research and Development facility of NPRPL has been successfully inspected and classified acceptable by the USFDA in February 2016. NPRPL is an exclusive research service provider for NLL and NLL is the exclusive CMS manufacturer for NPRPL.
- NHSPL, NPRPL and the Company, as a Group, provide end-to-end solutions for chemistry related services from synthesis of early stage clinical molecules to supply of API and intermediates at various clinical phases up to commercial scale.
- The businesses being carried on by all these three companies are synergistic and are complementary to each other. Given the nature of consolidation in the pharmaceutical industry, there is a huge opportunity for cross-selling of the products and services of NHSPL and NPRPL along with that of the Company which is expected to further enhance the value for the stakeholders of all the companies.
- The combined entity (i.e. the Company), with its strong financials, will have greater access to sources of funds, a better credit rating, improved cash flows, increased net worth, thereby expected to strengthen the value of all the stakeholders of the companies involved.
- Therefore, the proposed Amalgamation is expected to:
 - ✓ Facilitate seamless coordination between the R&D facilities and manufacturing activities leading to greater leverage in operations, planning, process, product life cycle management, new product development and product optimization and enhanced flexibility in operations in the combined entity.
 - ✓ Lead to the benefits of synergetic advantages particularly in view of the fact that the companies involved in the amalgamation are engaged in the businesses, which are akin and can be conveniently merged for mutual benefit further leading to improved organizational capability and leadership, arising from the pooling of resources and expertise that has the diverse skills talent and vast experience to compete successfully in an increasingly competitive industry.
 - ✓ Result in consolidation of intellectual properties, R&D capabilities and physical infrastructure into one combined entity including an opportunity to avail additional tax benefits for in house R&D.
 - ✓ Result in cost savings from utilizing the combined facilities of all the three entities with more focus on operational efforts, rationalization, standardization and simplification of business processes, productivity improvements, elimination of intercompany transactions costs, usage of common resource pool like human resource, administration, accounts, legal and other related functions leading to elimination of duplication and rationalization of administrative expenses and reduction of compliance costs.



- ✓ Result in operational convenience in terms of execution of contracts and provision of related services.
- ✓ Improve relationship with customers, as the combined post amalgamation entity would become an end-to-end API solution provider.
- In order to achieve the objectives as mentioned in the abovementioned clauses, the Board of Directors of all the three companies have proposed to consolidate NHSPL, NPRPL and the Company into a single company by amalgamating NHSPL, NPRPL into the Company.
- The amalgamation will build a stronger and sustainable business and enhance the potential for future growth and the Scheme of Amalgamation would be beneficial and in the best interests of the shareholders, creditors, customers, suppliers, employees and other stakeholders of all the companies.

e) Share Exchange Ratio

- Without giving effect of the proposed Scheme
 - (a) 552 (Five hundred and fifty only) equity shares of NLL of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of NHSPL of Rs.100/- each fully paid-up based on the Existing Share Capital of NHSPL of Rs.12.43 crores consisting of 12,42,952 equity shares of face value of Rs.100/- each fully paid up;
 - (b) 410 (Four hundred and ten only) equity shares of NLL of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of NPRPL of Rs.10/- each fully paid-up.
- After giving effect of the proposed Scheme -
 - (a) 552 (Five hundred and fifty only) equity shares of NLL of Rs.10/- each fully paid-up for every 1000 (One Thousand Only) equity shares of NHSPL of Rs.10/- each fully paid-up based on the subdivision of Share Capital of NHSPL (as envisaged in the Scheme) of Rs.12.43 crores consisting of 1,24,29,520 equity shares of face value of Rs.10/- each fully paid up.
 - (b) 410 (Four hundred and ten only) equity shares of NLL of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of NPRPL of Rs.10/- each fully paid-up.
- NHSPL holds shares in its subsidiaries, NLL and NPRPL, and the intercompany shareholding will be cancelled and new shares of NLL will be allotted to shareholders of NHSPL and balance shareholders of NPRPL as on the Record Date.

f) Brief details of change in shareholding pattern (if any) of listed entity

Particulars	Pre-merger		Post-merger	
	No. of Shares	% of holding	No. of Shares	% of holding
Promoters & Promoter Group	45,91,748	51.68	46,05,466	41.29
Public	42,92,506	48.32	65,49,423*	58.71*
Total	88,84,254	100.00	1,11,54,889	100.00

* Note: includes non-promoter shareholding of NHSPL & NPRPL of 20.23% (22,56,917 equity shares)

