

Neuland Laboratories Limited  
Sanali Info Park, 'A' Block,  
Ground Floor, 8-2-120/113  
Road No. 2, Banjara Hills  
Hyderabad - 500 034,  
Telangana, India.

Tel: 040 30211600 / 23551081  
Fax: 040 30211602  
Email: [neuland@neulandlabs.com](mailto:neuland@neulandlabs.com)  
[www.neulandlabs.com](http://www.neulandlabs.com)

May 22, 2020

To  
**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
25<sup>th</sup> Floor, Dalal Street,  
Mumbai - 400 001

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

Scrip Code: 524558

Scrip Code: NEULANDLAB; Series: EQ

Dear Sirs,

**Sub: Disclosure pursuant to Regulation 30 and 33 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015**

Please find enclosed the Audited Financial Results (Standalone & Consolidated) of the Company for the year ended March 31, 2020 under Ind AS, which have been approved and taken on record at a meeting of the Board of Directors of the Company held on even date.

We would like to state that M/s. MSKA & Associates, Chartered Accountants (FRN: 105047W), Statutory Auditors of the Company, have issued audit reports with unmodified opinion on the aforementioned Audited Financial Results (*enclosed*).

Further, the Board has approved the re-appointment of Mr. Davuluri Saharsh Rao, as a Whole-Time Director, designated as Joint Managing Director of the Company, for a period of five years with effect from June 1, 2020, subject to the approval of the shareholders at the ensuing Annual General Meeting.

The meeting of the Board of Directors of the Company commenced at 11.30 A.M. and concluded at 03:00 P.M.

This is for your information and records.

Yours faithfully,

For Neuland Laboratories Limited

  
**Sarada Bhamidipati**  
Company Secretary



Encl: As above



**& Associates**

Chartered Accountants

1101/B, Manjeera Trinity Corporate,  
JNTU-Hitech City Road, Kukatpally,  
Hyderabad-500072, Telangana, INDIA  
Tel: +91 40 6814 2999

**Independent Auditor's Report on Quarterly Standalone Financial Results and Year to Date Standalone Financial Results pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015**

**To the Board of Directors of Neuland Laboratories Limited**

**Report on the Audit of Standalone Financial Results**

**Opinion**

We have audited the accompanying standalone financial results of **Neuland Laboratories Limited** (hereinafter referred to as 'the Company') for the quarter and year ended March 31, 2020 ('the Statement'), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Statement:

- (i) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- (ii) give a true and fair view in conformity with the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, of net profit and other comprehensive income and other financial information of the Company for the year ended March 31, 2020.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

**Board of Directors' Responsibilities for the Standalone Financial Results**

This Statement have been prepared on the basis of the standalone annual financial statements. The Company's Board of Directors are responsible for the preparation and presentation of this Statement that give a true and fair view of the net profit and other comprehensive income in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The Board of Directors of the Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting



**& Associates**

Chartered Accountants

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frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Statement by the Directors of the Company, as aforesaid.

In preparing the Statement, the Board of Directors of the Company are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of the Company are responsible for overseeing the financial reporting process of the Company.

#### **Auditor's Responsibilities for the Audit of the Standalone Financial Results**

Our objectives are to obtain reasonable assurance about whether the Statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit



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evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of the Company of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### Other Matters

1. The standalone financial statements of the Company for the year ended March 31, 2019, were audited by another auditor whose report dated May 16, 2019 expressed an unmodified opinion on those statements.
2. The Statement include the results for the quarter ended March 31, 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" which were subject to limited review by us.

Our Opinion is not modified in respect of the above matters.

For MSKA & Associates

Chartered Accountants

ICAI Firm Registration No.105047W

Amit Kumar Agarwal

Partner

Membership No. 214198



UDIN: 20214198AAAAACN1206

Place: Hyderabad, INDIA

Date: May 22, 2020

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NEULAND LABORATORIES LIMITED

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STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2020

(Amount in lakhs of ₹, unless otherwise stated)

Sl. No.	Particulars	Quarter Ended			Year Ended	
		31.03.2020 (Refer Note 7)	31.12.2019 (Unaudited)	31.03.2019 (Refer Note 7)	31.03.2020 (Audited)	31.03.2019 (Audited)
1	Revenue					
	(a) Revenue from operations	19,186.59	20,361.97	17,266.17	76,271.08	66,682.95
	(b) Other income	177.60	102.24	133.41	388.57	349.16
	<b>Total Income</b>	<b>19,364.19</b>	<b>20,464.21</b>	<b>17,399.58</b>	<b>76,659.65</b>	<b>67,032.11</b>
2	Expenses					
	(a) Cost of materials consumed	8,898.58	10,545.00	8,897.91	39,135.59	36,044.19
	(b) Changes in inventories of finished goods and work-in-progress	(290.72)	(183.01)	208.93	(1,115.75)	580.08
	(c) Employee benefits expense	3,181.59	2,971.97	2,734.29	11,848.19	10,447.48
	(d) Finance costs	706.89	569.23	471.09	2,157.14	1,566.31
	(e) Depreciation and amortisation expense	762.51	781.72	693.07	3,127.63	2,586.02
	(f) Manufacturing expenses	2,834.63	2,597.91	2,028.02	9,759.63	7,691.36
	(g) Other expenses	1,563.03	1,623.93	1,557.22	6,497.64	6,133.17
	<b>Total expenses</b>	<b>17,656.51</b>	<b>18,906.75</b>	<b>16,590.53</b>	<b>71,410.07</b>	<b>65,048.61</b>
3	<b>Profit before tax (1-2)</b>	<b>1,707.68</b>	<b>1,557.46</b>	<b>809.05</b>	<b>5,249.58</b>	<b>1,983.50</b>
4	Tax expense					
	(a) Current tax	(839.93)	313.07	205.08	-	544.35
	(b) Deferred tax (refer note 6)	3,482.61	140.13	(68.98)	3,661.57	(175.19)
5	<b>Profit for the period / year (3-4)</b>	<b>(935.00)</b>	<b>1,104.26</b>	<b>672.95</b>	<b>1,588.01</b>	<b>1,614.34</b>
6	Other comprehensive income (net of taxes)					
	(a) Items that will not be reclassified to profit or loss					
	Re-measurement gains/(losses) on defined benefit plans	38.33	(46.03)	(85.02)	(99.76)	23.08
	Equity instruments through other comprehensive income	(4.58)	0.66	0.95	(4.09)	(0.10)
	Tax on items that will not be reclassified to profit or loss	(23.14)	16.08	29.42	25.11	(7.99)
	<b>Total comprehensive income</b>	<b>(924.40)</b>	<b>1,074.97</b>	<b>618.30</b>	<b>1,509.27</b>	<b>1,629.33</b>
7	<b>Paid-up Equity Share Capital (Face value - ₹10 each)</b>	<b>1,290.05</b>	<b>1,290.05</b>	<b>1,290.05</b>	<b>1,290.05</b>	<b>1,290.05</b>
8	<b>Other equity (excluding revaluation reserve)</b>				<b>69,180.58</b>	<b>68,183.97</b>
9	<b>Earnings Per Share (of ₹10 each) (In absolute ₹ terms)</b>					
	(a) Basic (refer note 8)	(7.29)	8.61	5.25	12.38	12.83
	(b) Diluted (refer note 8)	(7.29)	8.61	5.25	12.38	12.83
	See accompanying notes to the financial results					



NOTES:

- 1 The financial results for the quarter and year ended 31st March 2020 have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 22nd May 2020.
- 2 The financial results have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 3 The operations of the Company are predominantly related to the manufacture and sale of active pharmaceutical ingredients and allied services. As such there is only one primary reportable segment as per Ind AS 108 "Operating Segments".
- 4 Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" on all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended 31 March 2019 have not been retrospectively adjusted. On transition, the adoption of the standard resulted in recognition of Right-of-use assets (ROU) of Rs 237.50 Lakhs and a lease liability of Rs. 255.21 Lakhs. The cumulative effect of applying the standard resulted in Rs 17.71 Lakhs being debited to retained earnings, net of taxes. The effect of this adoption did not have a material impact on the results for the quarter and year ended March 31, 2020.
- 5 Due to COVID-19 situation, there have been several restrictions imposed by the Governments across the globe on the travel, goods movement and transportation considering public health and safety measures during March, 2020. The Company is closely monitoring the impact of the pandemic on all aspects of its business, including how it will impact its customers, employees, vendors and business partners. The Company has exercised due care, in concluding on significant accounting judgements and estimates, inter-alia, recoverability of receivables, assessment for impairment of goodwill, Investments, inventory, based on the information available to date, both internal and external, while preparing the its financial results as of and for the year ended 31st March, 2020. Based on the assessment done by the management of the Company, there is no significant/material impact of COVID-19 on the results for the quarter and year ended March 31, 2020.
- 6 The Company has elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Deferred Tax Liabilities (net) and the estimate of Tax Expense for the quarter and year ended March 31, 2020 have been re-measured. Consequent to such revision, there was a one-time charge of Rs. Rs 2,324.66 Lakhs to the company's Tax Expense.
- 7 The figures for the quarter ended 31st March 2020 and the quarter ended 31st March 2019 are the balancing figures between audited figures in respect of the full financial year ended 31st March 2020 and 31st March 2019 respectively and the published year to date figures up to the third quarter ended 31st December 2019 and 31st December 2018 respectively.
- 8 The EPS for quarters has not been annualised.
- 9 The previous quarter's/year's figures have been regrouped/rearranged wherever necessary to make it comparable with the current quarter/period.
- 10 The aforesaid Financial Results will be uploaded on the Company's website [www.neulandlabs.com](http://www.neulandlabs.com) and will also be available on the website of BSE Limited [www.bseindia.com](http://www.bseindia.com) and the National Stock Exchange of India Limited [www.nseindia.com](http://www.nseindia.com) for the benefit of the shareholders and investors.

For Neuland Laboratories Limited

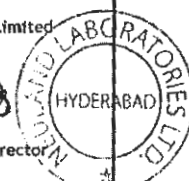


Dr. D R Rao

Chairman and Managing Director

(DIN 00107737)

Place: Hyderabad  
Date: 22 May 2020



**NEULAND LABORATORIES LIMITED**  
**STATEMENT OF STANDALONE ASSETS AND LIABILITIES AS ON 31 MARCH 2020**

(Amount in lakhs of ₹, unless otherwise stated)

Particulars	As at 31.03.2020 (Audited)	As at 31.03.2019 (Audited)
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	33,748.77	23,040.62
Capital work in progress	2,375.12	10,447.37
Right of Use Assets	384.39	-
Investment property	2,981.39	2,981.39
Goodwill	27,946.10	27,946.10
Other intangible assets	195.76	180.70
<b>Financial assets</b>		
i) Investments	51.65	55.74
ii) Other financial assets	907.85	309.68
<b>Non-current tax assets</b>	1,352.76	888.02
<b>Other non-current assets</b>	1,647.16	1,846.82
<b>Total non-current assets</b>	<b>71,590.95</b>	<b>67,696.44</b>
<b>Current assets</b>		
Inventories	21,954.74	19,265.42
<b>Financial assets</b>		
i) Investments	750.00	750.00
ii) Trade Receivables	18,988.99	16,401.97
iii) Cash and cash equivalents	991.53	744.22
iv) Other bank balances	3,577.71	2,990.67
v) Other financial assets	356.68	552.04
<b>Other current assets</b>	4,763.78	4,588.88
<b>Total current assets</b>	<b>51,383.43</b>	<b>45,293.20</b>
<b>Total assets</b>	<b>122,974.38</b>	<b>112,989.64</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Equity Share Capital	1,290.05	1,290.05
Other equity	69,264.47	68,267.86
<b>Total Equity</b>	<b>70,554.52</b>	<b>69,557.91</b>
<b>Liabilities</b>		
<b>Non current-liabilities</b>		
<b>Financial liability</b>		
i) Borrowings	7,737.26	6,071.55
ii) Lease liability	257.79	-
<b>Provisions</b>	1,218.46	1,174.02
<b>Deferred tax liabilities</b>	4,695.70	1,039.25
<b>Other non-current liabilities</b>	2,311.48	2,028.00
<b>Total non-current liabilities</b>	<b>16,220.69</b>	<b>10,312.82</b>
<b>Current liabilities</b>		
<b>Financial liability</b>		
i) Borrowings	16,817.26	14,905.83
ii) Lease liability	156.63	-
iii) Trade payables		
total outstanding dues of micro enterprises and small enterprises and	130.56	122.03
total outstanding dues of creditors other than micro enterprises and small enterpr	11,869.28	12,278.43
iv) Other financial liabilities	4,600.16	3,987.00
<b>Other current liabilities</b>	2,397.97	1,745.97
<b>Provisions</b>	227.31	79.65
<b>Total current liabilities</b>	<b>36,199.17</b>	<b>33,118.91</b>
<b>Total equity and liabilities</b>	<b>122,974.38</b>	<b>112,989.64</b>

**NEULAND LABORATORIES LIMITED**  
**STANDALONE STATEMENT OF CASH FLOWS**



Neuland Laboratories Limited  
(Amount in lakhs of ₹, unless otherwise stated)

Particulars	Year Ended 20/11/13	
	31.03.2013 (Audited)	31.03.2012 (Audited)
<b>Cash flow from operating activities</b>		
Profit before tax	5,149.82	1,600 / 2,351.08
Adjustments:		
Depreciation and amortisation expense	3,127.63	2,586.02
Interest income	(216.19)	(249.56)
(Gain)/Loss on sale of fixed assets, net	(39.06)	13.05
Finance costs	2,157.14	1,566.31
Unrealised foreign exchange (gain)/loss, net	39.55	(150.62)
Unrealised (gain) / loss on forward contracts	(80.33)	(2.37)
Provision towards doubtful trade receivables	707.94	-
Provision for employee benefits	117.10	130.29
<b>Operating cash flows before working capital changes</b>	<b>11,063.36</b>	<b>5,876.62</b>
Changes in non current financial assets	(598.17)	(7.42)
Changes in other non-current assets	(62.16)	(550.78)
Changes in inventories	(2,689.32)	(1,756.63)
Changes in trade receivables	(2,949.58)	3,144.31
Changes in other current assets	(174.90)	332.10
Changes in trade payables	(488.83)	(518.65)
Changes in other financial assets	(28.87)	(50.96)
Changes in other financial liabilities	1,126.00	360.42
Changes in other liabilities	935.47	639.40
<b>Cash generated from operating activities</b>	<b>6,133.00</b>	<b>7,468.41</b>
Income-taxes paid, net	(469.86)	(508.79)
<b>Net cash generated from operating activities (A)</b>	<b>5,663.14</b>	<b>6,959.62</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and other intangible assets	(4,879.67)	(6,309.77)
Proceeds from sale of property, plant and equipment	78.00	37.97
Movement in other bank balances	(587.04)	(1,593.88)
Interest income received	520.74	144.12
<b>Net cash used in investing activities (B)</b>	<b>(4,867.97)</b>	<b>(7,721.56)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity shares	-	12,450.58
Proceeds from short-term borrowings, net	1,635.35	(4,900.75)
Proceeds from long-term borrowings	3,136.76	1,303.57
Repayment of long-term borrowings	(2,235.22)	(5,160.34)
Repayment of lease liability	(153.34)	-
Dividend paid	(494.95)	-
Interest on lease liability	(39.63)	-
Interest paid	(2,396.83)	(2,495.33)
<b>Net cash generated from / (used in) financing activities (C)</b>	<b>(547.86)</b>	<b>1,197.73</b>
<b>Net (decrease)/ increase in cash and cash equivalents during the period (A + B + C)</b>	<b>247.31</b>	<b>435.79</b>
Cash and cash equivalents at the beginning of the year	744.22	308.43
<b>Cash and cash equivalents at the end of the year</b>	<b>991.53</b>	<b>744.22</b>





**Independent Auditor's Report on Quarterly Consolidated Financial Results and Year to Date Consolidated Financial Results pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015**

**To the Board of Directors of Neuland Laboratories Limited [Holding Company]**

**Report on the Audit of Consolidated Financial Results**

**Opinion**

We have audited the accompanying consolidated financial results of **Neuland Laboratories Limited** (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") for the quarter and year ended March 31, 2020, ('the Statement') attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate audited financial statements of the subsidiaries, the aforesaid Statement:

(i) include the annual financial results of the following entities

Sr. No	Name of the Entity	Relationship with the Holding Company
1	Neuland Laboratories K.K., Japan	Wholly Owned Subsidiary
2	Neuland Laboratories Inc., USA	Wholly Owned Subsidiary

(ii) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and

(iii) give a true and fair view in conformity with the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of net profit and other comprehensive income and other financial information of the Group for the year ended March 31, 2020.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Results section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our opinion.

#### **Board of Directors' Responsibilities for the Consolidated Financial Results**

These Statement have been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of this Statement that give a true and fair view of the net profit and other comprehensive income and other financial information of the Group in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Statement by the Directors of the Holding Company, as aforesaid.

In preparing the Statement, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Results**

Our objectives are to obtain reasonable assurance about whether the Statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk



**& Associates**

Chartered Accountants

1101/B, Manjeera Trinity Corporate,  
JNTU-Hitech City Road, Kukatpally,  
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of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements/financial results of the entities within the Group to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Statement, of which we are the independent auditors. For the other entities included in the Statement, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Statement of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### Other Matters

1. The Statement includes the Financial Statements of aforesaid two subsidiaries whose Financial Statements reflect Group's share of total assets (before consolidation adjustments) of Rs. 602.00 lakhs as at March 31, 2020 Group's share of total revenue (before consolidation adjustments) of Rs. 853.16 lakhs and Group's share of total net profit after tax (before consolidation adjustments) of Rs. 33.04 lakhs for the year ended March 31, 2020 as considered in the Statement. These financial statements have been audited by other auditors whose



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reports have been furnished to us by the management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors. Further, both these subsidiaries are located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management.

2. The consolidated financial statements of the Group for the year ended March 31, 2019, were audited by another auditor whose report dated May 16, 2019 an unmodified opinion on those statements. Further, as stated in Note 8 of the statement, the figures for the corresponding quarter ended March 31, 2019 are the balancing figures between the annual audited figures for the year then ended and the year to date figures for the 9 months period ended December 31, 2018 for which no separate limited review/audit report was issued by the predecessor auditor.
3. The Statement include the results for the quarter ended March 31, 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" which were subject to limited review by us.

Our opinion is not modified in respect of the above matters.

For MSKA & Associates  
Chartered Accountants  
ICAI Firm Registration No.105047W

Amit Kumar Agarwal  
Partner  
Membership No. 214198



UDIN: 20214198AAAAAC02696  
Place: Hyderabad, INDIA  
Date: May 22, 2020

Neuland Laboratories Limited  
Sanali Info Park, 'A' Block,  
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Telangana, India.

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NEULAND LABORATORIES LIMITED

Sanali Info Park, 'A' Block, Ground Floor, 8-2-120/113,  
Road No. 2, Banjara Hills, Hyderabad - 500034

STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2020

(Amount in lakhs of ₹, unless otherwise stated)

Sl. No.	Particulars	Quarter Ended			Year Ended	
		31.03.2020 (Refer Note 8)	31.12.2019 (Unaudited)	31.03.2019 (Refer Note 8)	31.03.2020 (Audited)	31.03.2019 (Audited)
1	Revenue					
	(a) Revenue from operations	19,164.19	20,384.37	17,266.17	76,271.08	66,682.95
	(b) Other Income	177.62	102.24	133.41	388.59	349.20
	<b>Total Income</b>	<b>19,341.81</b>	<b>20,486.61</b>	<b>17,399.58</b>	<b>76,659.67</b>	<b>67,032.15</b>
2	Expenses					
	(a) Cost of materials consumed	8,896.59	10,544.99	8,897.91	39,135.59	36,044.19
	(b) Changes in inventories of finished goods and work-in-progress	(290.72)	(183.01)	208.94	(1,115.75)	580.08
	(c) Employee benefits expense	3,299.95	3,102.83	2,848.18	12,355.52	11,045.60
	(d) Finance costs	706.95	569.25	471.16	2,157.35	1,566.31
	(e) Depreciation and amortisation expense	762.60	781.82	693.16	3,128.01	2,586.26
	(f) Manufacturing expenses	2,834.63	2,597.91	2,028.02	9,759.63	7,691.36
	(g) Other expenses	1,410.01	1,503.64	1,434.57	5,947.07	5,484.62
	<b>Total expenses</b>	<b>17,622.01</b>	<b>18,919.43</b>	<b>16,581.94</b>	<b>71,367.42</b>	<b>64,998.42</b>
3	Profit before tax (1-2)	1,719.80	1,567.18	817.64	5,292.25	2,033.73
4	Tax expense					
	(a) Current tax	(833.24)	316.01	215.17	9.63	556.96
	(b) Deferred tax	3,482.61	140.13	(61.18)	3,661.57	(167.39)
5	Profit for the period / year (3-4)	(929.57)	1,111.04	663.65	1,621.05	1,644.16
6	Other comprehensive income (net of taxes)					
	(a) Items that will not be reclassified to profit or loss					
	Re-measurement gains/(losses) on defined benefit plans	38.33	(46.03)	(85.02)	(99.76)	23.08
	Equity instruments through other comprehensive income	(4.58)	0.32	0.95	(4.09)	(0.09)
	Tax on items that will not be reclassified to profit or loss	(23.14)	16.08	29.42	25.11	(7.99)
	(b) Items to be reclassified to profit or loss					
	Exchange differences in translating the financial statements of a foreign operations	24.46	3.86	2.00	35.34	16.77
	<b>Total comprehensive income</b>	<b>(894.50)</b>	<b>1,085.27</b>	<b>611.00</b>	<b>1,577.65</b>	<b>1,675.93</b>
7	Paid-up Equity Share Capital (Face value - ₹10 each)	1,290.05	1,290.05	1,290.05	1,290.05	1,290.05
8	Other equity (excluding revaluation reserve)				69,621.83	68,556.84
9	Earnings Per Share (of ₹10 each) (In absolute ₹ terms)					
	(a) Basic (refer note 10)	(7.25)	8.66	5.17	12.63	13.06
	(b) Diluted (refer note 10)	(7.25)	8.66	5.17	12.63	13.06
	See accompanying notes to the financial results					

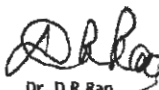


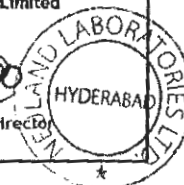
NOTES:

- 1 The financial results for the quarter and year ended 31st March 2020 have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 22nd May 2020.
- 2 The financial results have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 3 The Consolidated Financial Results include results of the following wholly owned subsidiaries:  
(a) Neuland Laboratories Inc., USA;  
(b) Neuland Laboratories KK., Japan.
- 4 The operations of the Company and its subsidiaries are predominantly related to the manufacture and sale of active pharmaceutical ingredients and allied services. As such there is only one primary reportable segment as per Ind AS 108 "Operating Segments".
- 5 Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" on all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended 31 March 2019 have not been retrospectively adjusted. On transition, the adoption of the standard resulted in recognition of Right-of-use assets (ROU) of Rs 237.50 Lakhs and a lease liability of Rs. 255.21 Lakhs. The cumulative effect of applying the standard resulted in Rs 17.71 Lakhs being debited to retained earnings, net of taxes. The effect of this adoption did not have a material impact on the results for the quarter and year ended March 31, 2020.
- 6 Due to COVID-19 situation, there have been several restrictions imposed by the Governments across the globe on the travel, goods movement and transportation considering public health and safety measures during March, 2020. The Group is closely monitoring the impact of the pandemic on all aspects of its business, including how it will impact its customers, employees, vendors and business partners. The Group has exercised due care, in concluding on significant accounting judgements and estimates, inter-alia, recoverability of receivables, assessment for impairment of goodwill, investments, inventory, based on the information available to date, both internal and external, while preparing the its financial results as of and for the year ended 31st March, 2020. Based on the assessment done by the management of the Company, there is no significant/material impact of COVID-19 on the results for the quarter and year ended March 31, 2020.
- 7 The Company has elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Deferred Tax Liabilities (net) and the estimate of Tax Expense for the quarter and year ended March 31, 2020 have been re-measured. Consequent to such revision, there was a one-time charge of Rs. Rs 2,324.66 Lakhs to the company's Tax Expense.
- 8 The figures for the quarter ended 31st March, 2020 and 31st March, 2019 are the balancing figures between the audited figures in respect of the full financial year and the published figures upto nine months of the relevant financial year.
- 9 The EPS for quarters has not been annualised.
- 10 The previous quarter's/year's figures have been regrouped/rearranged wherever necessary to make it comparable with the current quarter/period.
- 11 The aforesaid Financial Results will be uploaded on the Company's website [www.neulandlabs.com](http://www.neulandlabs.com) and will also be available on the website of BSE Limited [www.bseindia.com](http://www.bseindia.com) and the National Stock Exchange of India Limited [www.nseindia.com](http://www.nseindia.com) for the benefit of the shareholders and investors.

Place: Hyderabad  
Date: 22 May 2020

For Neuland Laboratories Limited

  
Dr. D R Rao  
Chairman and Managing Director  
(DIN 00107737)



**NEULAND LABORATORIES LIMITED**  
**STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES AS ON 31 MARCH 2020**

(Amount in lakhs of ₹, unless otherwise stated)

Particulars	As at 31.03.2020 (Audited)	As at 31.03.2019 (Audited)
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	33,749.59	23,041.81
Capital work in progress	2,375.12	10,447.37
Right of Use Assets	384.39	-
Investment property	2,981.39	2,981.39
Goodwill	27,946.10	27,946.10
Other intangible assets	195.76	180.70
<b>Financial assets</b>		
i) Investments	35.83	39.92
ii) Other financial assets	912.98	312.63
<b>Non-current tax assets</b>	1,350.93	891.06
<b>Other non-current assets</b>	1,647.16	1,846.82
<b>Total non-current assets</b>	<b>71,579.25</b>	<b>67,687.80</b>
<b>Current assets</b>		
Inventories	21,954.74	19,265.42
<b>Financial assets</b>		
i) Investments	750.00	750.00
ii) Trade Receivables	18,988.99	16,401.97
iii) Cash and cash equivalents	1,120.35	793.77
iv) Other bank balances	3,577.71	2,990.67
v) Other financial assets	356.68	552.04
<b>Other current assets</b>	4,770.17	4,593.57
<b>Total current assets</b>	<b>51,518.64</b>	<b>45,347.44</b>
<b>Total assets</b>	<b>123,097.89</b>	<b>113,035.24</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Equity Share Capital	1,290.05	1,290.05
Other equity	69,705.72	68,640.73
<b>Total Equity</b>	<b>70,995.77</b>	<b>69,930.78</b>
<b>Liabilities</b>		
<b>Non current-liabilities</b>		
<b>Financial liability</b>		
i) Borrowings	7,737.26	6,071.54
ii) Lease liability	257.79	-
<b>Provisions</b>	1,248.98	1,191.33
<b>Deferred tax liabilities</b>	4,778.11	1,115.45
<b>Other non-current liabilities</b>	2,316.61	2,028.00
<b>Total non-current liabilities</b>	<b>16,338.75</b>	<b>10,406.32</b>
<b>Current liabilities</b>		
<b>Financial liability</b>		
i) Borrowings	16,817.26	14,905.83
ii) Lease liability	156.63	-
iii) Trade payables		
total outstanding dues of micro enterprises and small enterprises and	130.56	122.03
total outstanding dues of creditors other than micro enterprises and small enterprises	11,425.74	11,846.13
iv) Other financial liabilities	4,601.23	3,992.06
<b>Other current liabilities</b>	2,404.64	1,752.44
<b>Provisions</b>	227.31	79.65
<b>Total current liabilities</b>	<b>35,763.37</b>	<b>32,698.14</b>
<b>Total equity and liabilities</b>	<b>123,097.89</b>	<b>113,035.24</b>

**NEULAND LABORATORIES LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

(Amount in lakhs of ₹, unless otherwise stated)

Particulars	Year Ended	
	31.03.2020 (Audited)	31.03.2019 (Audited)
<b>Cash flow from operating activities</b>		
Profit before tax	5,292.25	2,033.73
<b>Adjustments:</b>		
Depreciation and amortisation expense	3,128.01	2,586.26
Interest income	(216.21)	(249.60)
(Gain)/Loss on sale of fixed assets, net	(39.06)	13.05
Finance costs	2,157.35	1,566.31
Unrealised foreign exchange (gain)/loss, net	39.55	(150.62)
Unrealised (gain) / loss on forward contracts	(80.33)	(2.37)
Provision towards doubtful trade receivables	707.94	-
Provision for employee benefits	130.31	147.60
<b>Operating cash flows before working capital changes</b>	<b>11,119.81</b>	<b>5,944.36</b>
Changes in non-current financial assets	(600.35)	(7.69)
Changes in other non-current assets	(62.16)	(550.78)
Changes in inventories	(2,689.32)	(1,756.63)
Changes in trade receivables	(2,949.93)	3,153.63
Changes in other current assets	(176.60)	353.42
Changes in trade payables	(472.87)	(479.22)
Changes in other financial assets	(28.87)	(50.96)
Changes in other financial liabilities	1,122.01	302.47
Changes in other liabilities	940.81	582.78
<b>Cash generated from operating activities</b>	<b>6,202.53</b>	<b>7,491.38</b>
Income-taxes paid, net	(468.41)	(500.66)
<b>Net cash generated from operating activities (A)</b>	<b>5,734.12</b>	<b>6,990.72</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and other intangible assets	(4,879.68)	(6,311.19)
Proceeds from sale of property, plant and equipment	78.00	37.97
Movement in other bank balances	(587.04)	(1,593.88)
Interest income received	520.76	144.16
<b>Net cash used in investing activities (B)</b>	<b>(4,867.96)</b>	<b>(7,722.94)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity shares	-	12,450.58
Proceeds from short-term borrowings, net	1,635.36	(4,900.75)
Proceeds from long-term borrowings	3,136.77	1,303.57
Repayment of long-term borrowings	(2,235.22)	(5,160.35)
Repayment of lease liability	(153.34)	-
Dividend paid	(494.95)	-
Interest on lease liability	(39.63)	-
Interest paid	(2,397.03)	(2,495.33)
<b>Net cash generated from / (used in) financing activities (C)</b>	<b>(548.04)</b>	<b>1,197.72</b>
<b>Net (decrease)/ increase in cash and cash equivalents during the period (A + B + C)</b>	<b>318.12</b>	<b>465.50</b>
Cash and cash equivalents at the beginning of the year	793.77	328.79
Effect of exchange rate changes on cash and cash equivalents	8.46	(0.52)
<b>Cash and cash equivalents at the end of the year</b>	<b>1,120.35</b>	<b>793.77</b>

