NEULAND
WHERE OPPORTUNITY BECOMES REALITY

Neuland Laboratories Limited
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August 4, 2020

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

Scrip Code: 524558

To
The National Stock Exchange of India Ltd
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 along with Earnings PPT for the quarter ended June 30, 2020 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**

NEULAND LABORATORIES LTD. HYDERABAD

Sarada Bhamidipati
Company Secretary

Encl : As above

Neuland Q1FY21 income at Rs.206.1 crore; up 13.5%

EBITDA margins improve by 619 bps

Hyderabad, India, August 4, 2020 - Neuland Laboratories Limited (NLL) (NSE: NEULANDLAB; BSE: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 (Q1FY21) ended June 30, 2020.

Commenting on the performance Mr. Sucheth Davuluri, Vice-Chairman and Chief Executive Officer of the Company said ""*We have turned in another strong quarter with highest ever quarterly revenues of Rs. 206.1 cr. The revenue growth of 13.5% was led by all round growth in both GDS and CMS verticals. This is a creditable performance in challenging times and credit is due to our employees who rose to the occasion and ensured this quarter passed off without any major impact to the business. We believe this sets the pedestal for our performance for the rest of the fiscal.*"

In addition, **Mr. Saharsh Davuluri, Joint Managing Director, Neuland Labs added** "*CMS continues to drive our overall revenue momentum; the growth is attributable to both commercial as well as development products. GDS, specifically, the speciality segment is displaying good traction and we see this business complementing our CMS vertical going forward.*"

Financial Summary

Rs. crore

Particulars	Q1FY21	Q4FY20	QoQ (Growth%)	Q1FY20	YoY (Growth%)
Total Income	206.1	193.6	**6.4%**	181.5	**13.5%**
EBITDA	34.4	31.8	**8.4%**	19.1	**80.4%**
EBITDA margin (%)	***16.7%***	***16.4%***	***30 bps***	***10.5%***	***619 bps***
PAT	15.1	-9.3*		5.6	**168.2%**
PAT margin (%)	***7.3%***	***-4.8%***		***3.1%***	***421 bps***
EPS (Basic) Rs.	11.74	-7.29		4.38	**168.2%**

*This was after a one-time tax charge of Rs.23.2 cr in Q4FY20 that the company chose to exercise under Section 115BAA of the IT Act

Q1 FY21 Earnings Call

The company will conduct a one-hour Earnings call at **17:00 hrs. IST** on **Tuesday, August 4th, 2020** 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 6280 1107 / +91 22 7115 8008**. 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 35 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 has filed over 880+ Regulatory filings in the US (55 active US DMFs), 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), CFDA (China), FSI "SID &GP" Russia, 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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Earnings Presentation Q1FY21

BSE CODE : 524558 | NSE SYMBOL : NEULANDLAB | BLOOMBERG: NLL:IN | REUTERS: NEUL.NS

Safe Harbour

Except for the historical information contained herein, statements in this presentation and the subsequent discussions, which include words or phrases such as "will", "aim", "will likely result", "would", "believe", "may", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", seek to", "future", "objective", "goal", "likely", "project", "should", "potential", "will pursue", and similar expressions of such expressions may constitute "forward-looking statements". These forward looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, obtain regulatory approvals, our provisioning policies, technological changes, investment and business income, cash flow projections, our exposure to market risks as well as other risks. The Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

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Q1 FY21 Highlights

Management Speak

- **Sucheth Davuluri**

Vice-Chairman and Chief Executive Officer

"We have turned in another strong quarter with highest ever quarterly revenues of Rs. 206.1 cr. The revenue growth of 13.5% was led by all round growth in both GDS and CMS verticals. This is a creditable performance in challenging times and credit is due to our employees who rose to the occasion and ensured this quarter passed off without any major impact to the business. We believe this sets the pedestal for our performance for the rest of the fiscal."

- **Saharsh Davuluri**

Joint Managing Director

"CMS continues to drive our overall revenue momentum; the growth is attributable to both commercial as well as development products. GDS, specifically, the speciality segment is displaying good traction and we see this business complementing our CMS vertical going forward. "

Operational Highlights – YoY

- Total income increased by 13.5% from Rs.181.5 crore in Q1FY20 to Rs. 206.1 crore in Q1FY21 due to growth in both GDS and CMS businesses.
  - Prime growth largely led by Mirtazapine and Labetalol
  - Specialty business growth on account of contribution from multiple products.
  - CMS growth on account of dual growth from increasing penetration of existing products as well as development products
- Increase in profitability margins
  - EBITDA margin increased from 10.5% in Q1FY20 to 16.7% in Q1FY21
  - Increase in PBT margins by 567 bps & PAT margins by 421 bps
- Unit 3 on track for commercialization

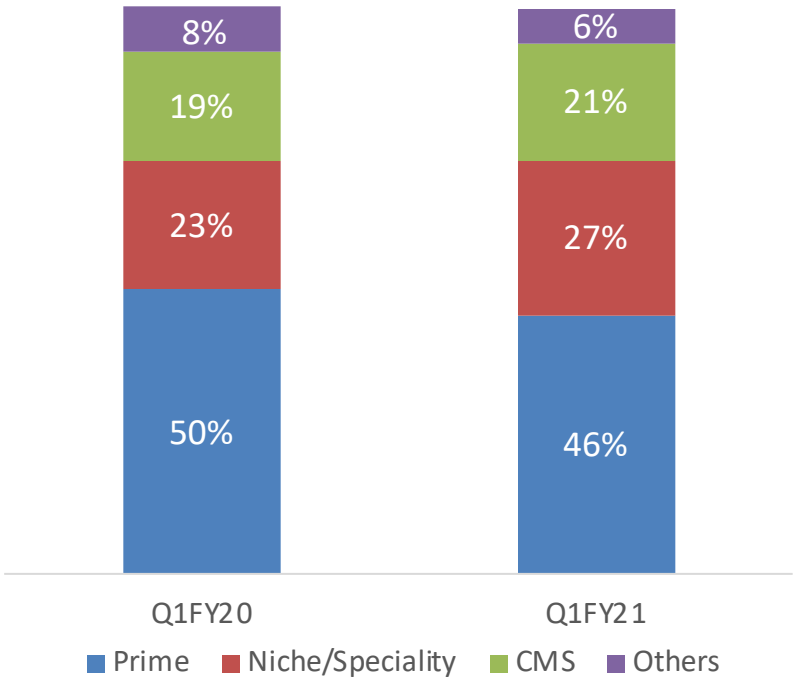
Profit & Loss Statement (Standalone)

Particulars (Rs. Cr)	Q1FY21	Q4FY20	QoQ (Growth%)	Q1FY20	YoY (Growth%)
Total Income	206.1	193.6	6.4%	181.5	13.5%
EBITDA	34.4	31.8	8.4%	19.1	80.4%
EBITDA Margin	16.7%	16.4%	30 bps	10.5%	619 bps
Profit Before Tax	20.2	17.1	18.3%	7.5	169.2%
Profit Before Tax Margin	9.8%	8.8%	98 bps	4.1%	567 bps
Profit After Tax	15.1	-9.3*		5.6	168.2%
Profit After Tax Margin	7.3%	-4.8%		3.1%	421 bps
Earnings Per Share (Rs.)	11.74	-7.29		4.38	168.2%

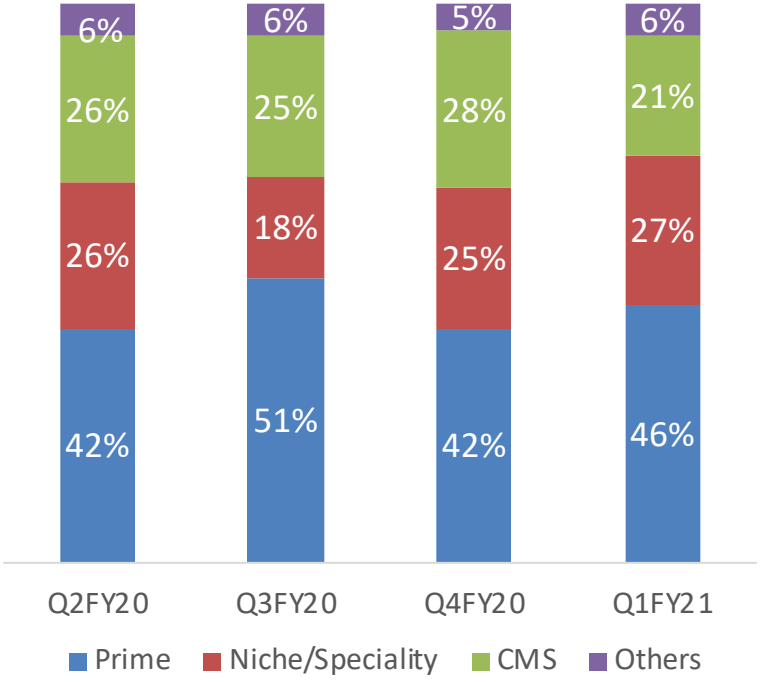
*This was after a one-time tax charge of Rs. 23.2 Cr in Q4FY20 that the Company chose to exercise under Section 115BAA of the IT act

Key Operating Metrics

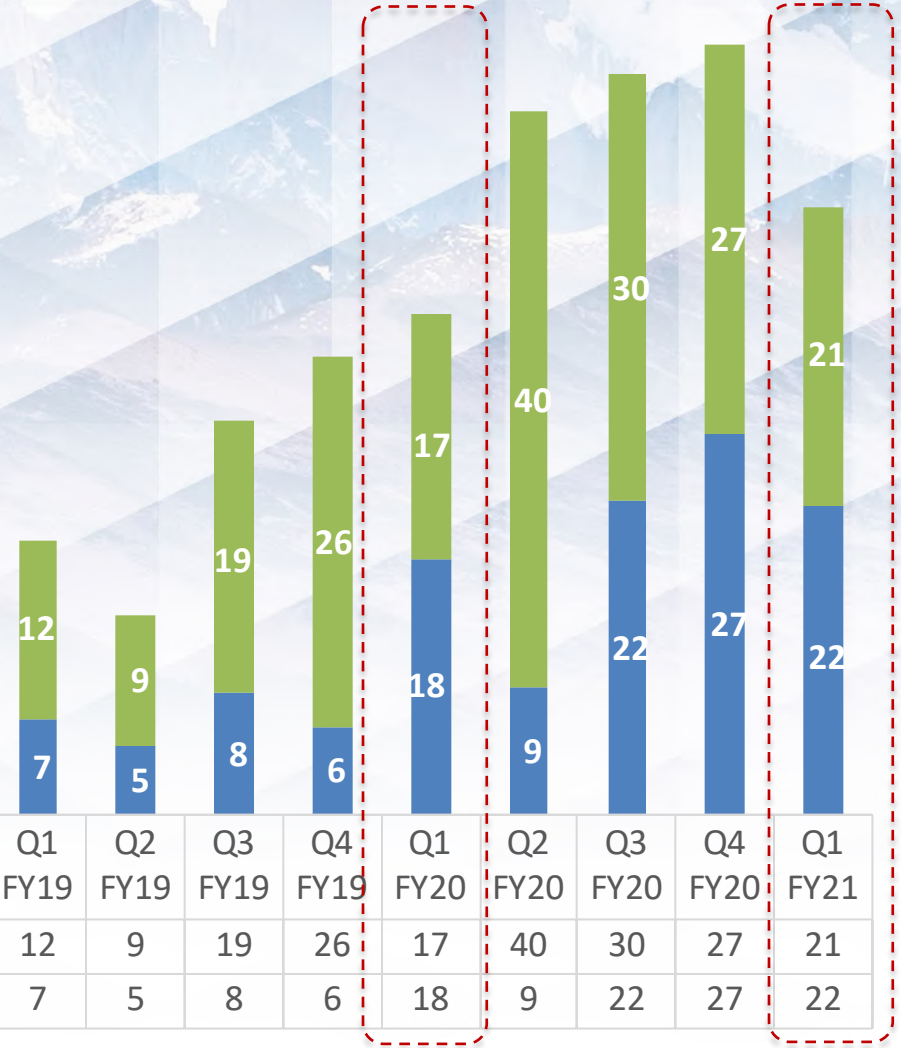
YoY Analysis



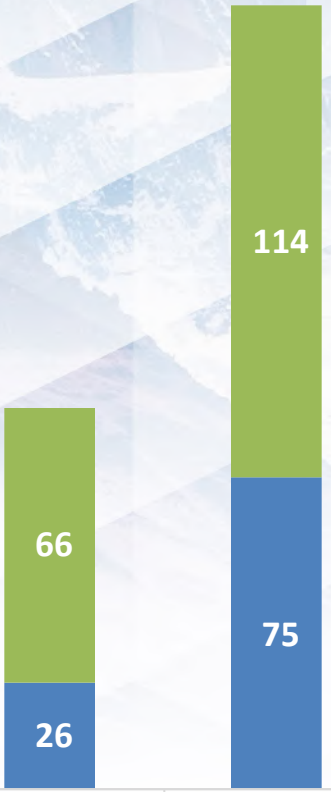
Quarter on Quarter Movement



Key Operating Metrics - CMS Revenue Split



Rs. In Cr	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21
Commercial	12	9	19	26	17	40	30	27	21
Development	7	5	8	6	18	9	22	27	22



Rs. In Cr	FY19	FY20
Commercial	66	114
Development	26	75

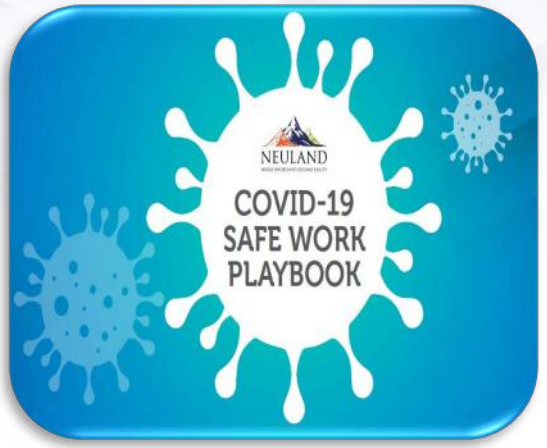
No of CMS Active Projects Increasing

Q1 FY21	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	12	4	5	4	9	6	40
Intermediate	7	4	2	6	8	9	36
Grand Total	**19**	**8**	**7**	**10**	**17**	**15**	**76**
Q4 FY20	**Pre-Clinical**	**P-1**	**P-2**	**P-3**	**Development**	**Commercial**	**Grand Total**
API	12	4	5	5	9	6	41
Intermediate	7	4	2	5	8	9	35
Grand Total	**19**	**8**	**7**	**10**	**17**	**15**	**76**
Q1 FY20	**Pre-Clinical**	**P-1**	**P-2**	**P-3**	**Development**	**Commercial**	**Grand Total**
API	10	4	5	4	5	6	34
Intermediate	1	3	1	5	9	10	29
Grand Total	**11**	**7**	**6**	**9**	**14**	**16**	**63**

Note: The list is being continuously monitored for projects which are not active for a significant period of time, during this quarter 4 such projects were removed

Steps Taken to Overcome COVID-19 Impact

- Collaborative approach across all teams including plant head, HR, EHS and COVID-19 response team for continuation of operations
- Our employees worked in a dedicated manner in smoothening the operational challenges in the early part of the quarter
- These efforts enabled us to deliver essential API's uninterrupted
- No material impact on supply side of operations and demand side



Business Overview

Company Overview

Legacy

36+ years in pharma with robust quality systems, regulatory and compliance framework

Generic Drugs Substance(GDS) & Custom Manufacturing Solutions(CMS)

Scale

3 regulatory approved manufacturing facilities with 731 KL capacity

US FDA approved R&D center with best in class infrastructure

Capability

Portfolio of 75+ products across 10 therapeutic categories

880+ filings with regulators

1000+ employees including ~282 scientists

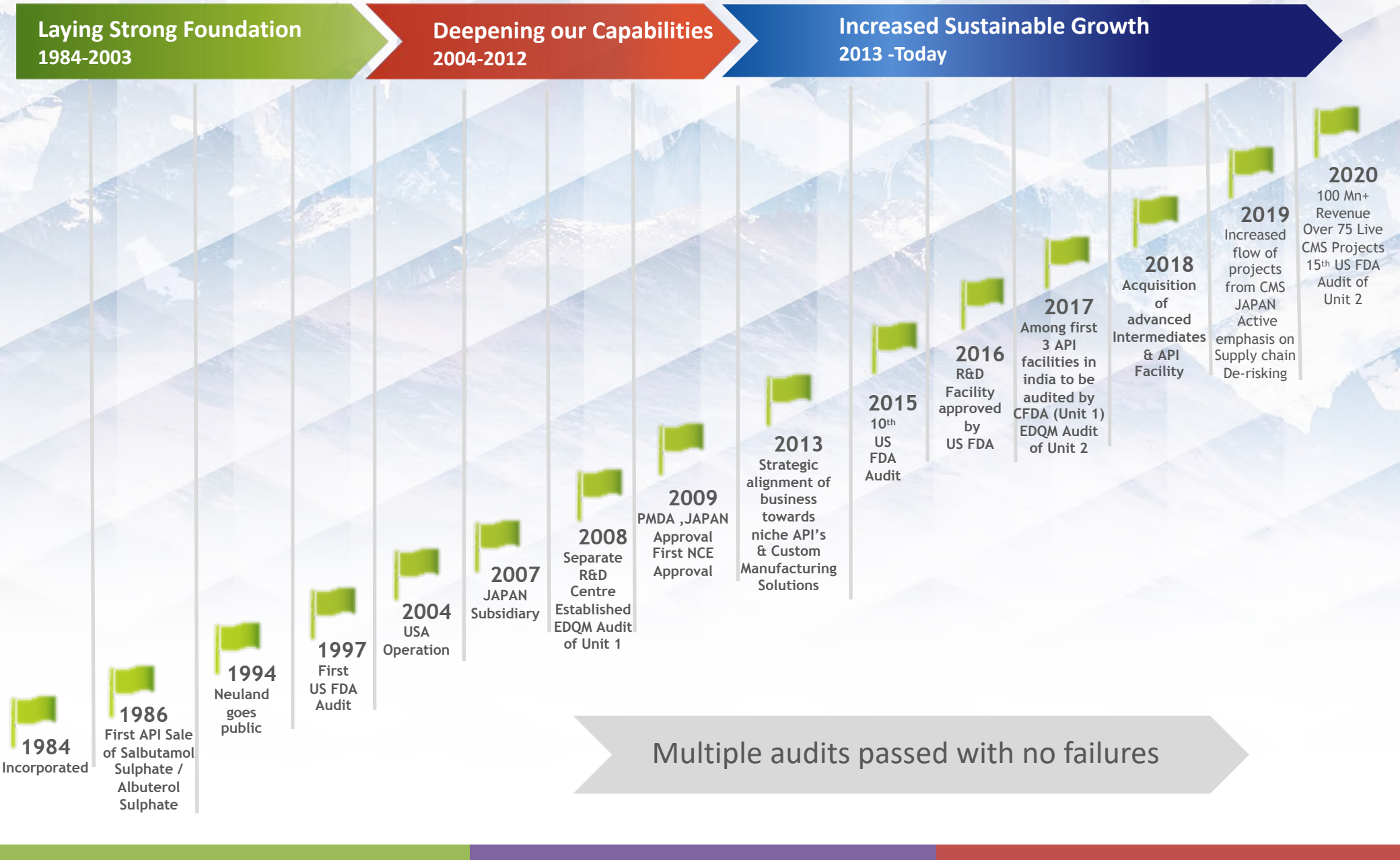
Reach

80+ countries of presence

75% of revenues through exports

93% of revenues through regulated markets

Our Journey - Key Milestones



Business Verticals

Work executed exclusively for the customers on products at various phases of their life-cycle

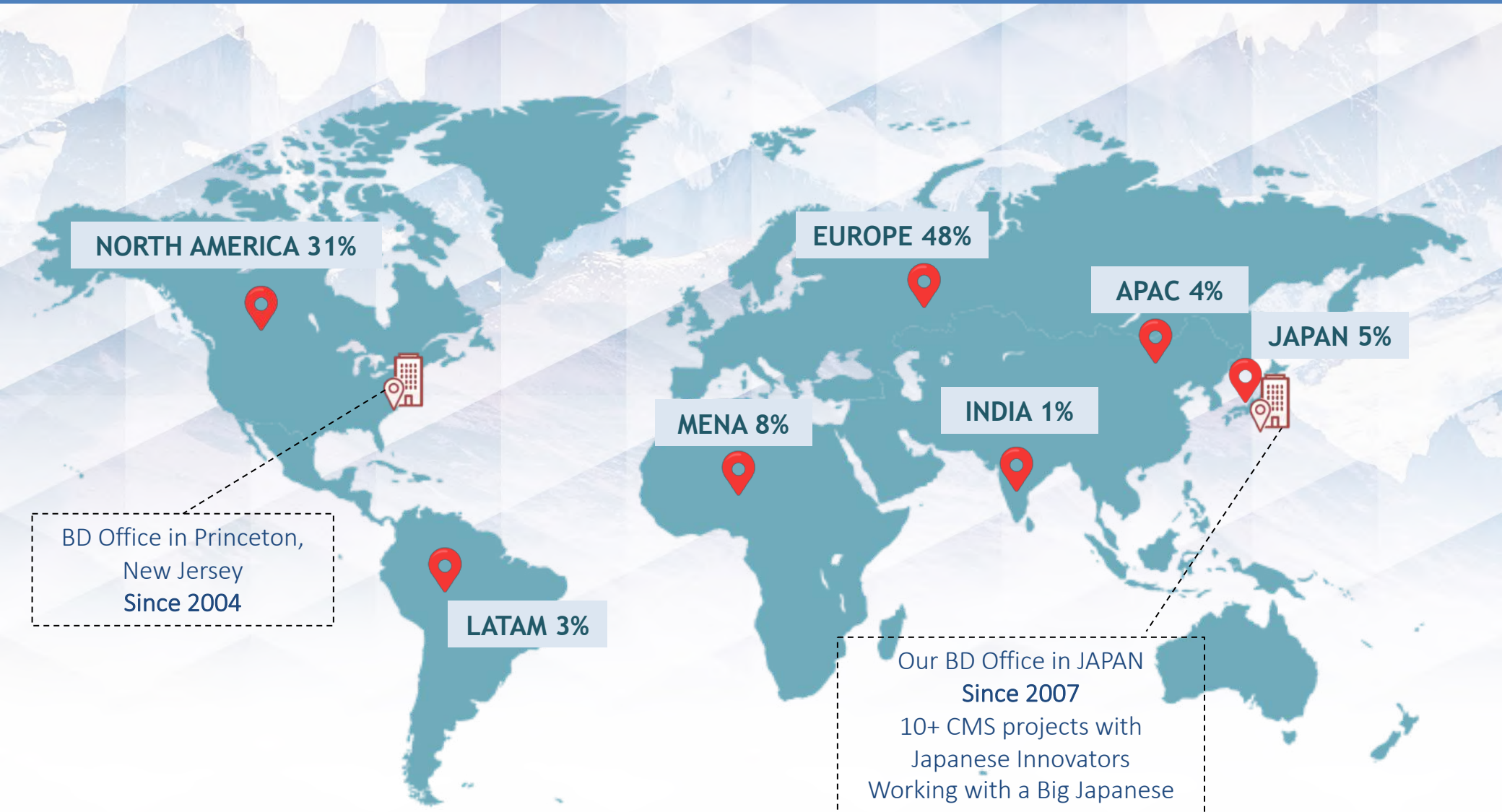
Mature APIs, typically with high competition in the API space

Prime APIs and Specialty APIs collectively form **Generic Drugs Substance (GDS)** for Neuland

APIs with complex processes and niche presence

(1)The classification of products as Less-differentiated/Niche is based on Neuland's understanding of the product and market. The classification of a product is liable to change based on changing market dynamics

Our Global Presence



* % Refers to FY20 Sales by end market

Generic Drug Substance(GDS)

Prime APIs

Capability	Business Approach	Strategy Forward
▪ 3 US FDA and EU GMP compliant manufacturing facilities ▪ Collective capacity: ~731KL	▪ Work on molecules either with a business leadership approach or partnership with client on COGS ▪ Ensure uninterrupted supply with quality commitment	▪ Maintain leadership position in key molecule ▪ Work on process optimization to improve yields, productivity and thus margins

Speciality APIs

Capability	Business Approach	Strategy Forward
▪ High end complex chemistry capabilities ▪ Backend support by R&D department ▪ Experience of hurdle free scale up	▪ Work with leading companies and help them to meet their technical requirements while being competitive	▪ Focus on niche APIs with complex chemistry ▪ File IP for non infringing processes

Robust manufacturing base placed on the foundation of quality and pureplay API commitment

Custom Manufacturing Solutions(CMS)

Services

- Manufacturing API to customer specifications
- Designing and developing manufacturing processes
- Process optimization for competitiveness
- Filing of DMF/CMC for the API
- Patent protection for processes

Business Approach

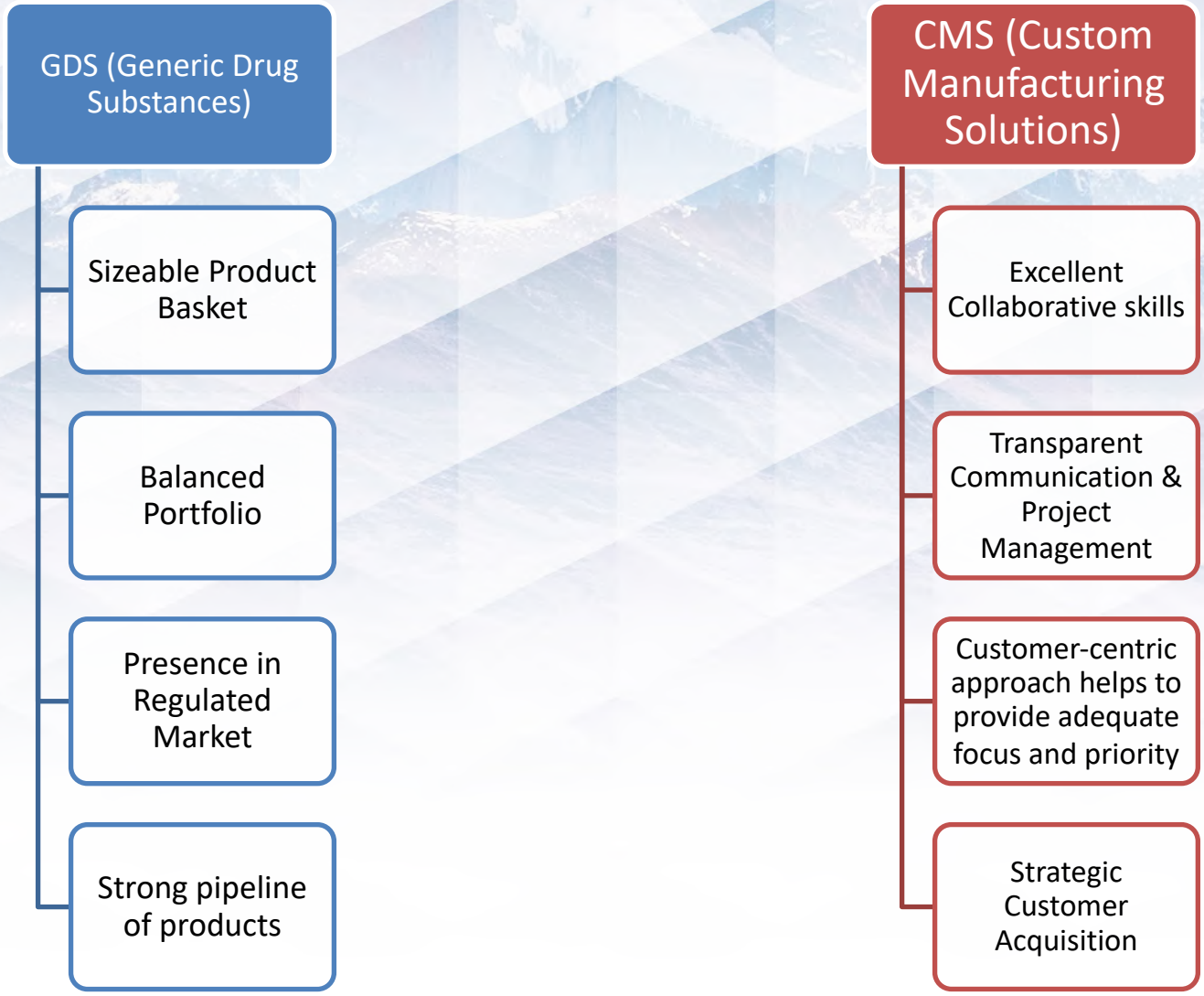
- Local presence in US and Japan with technical as well as commercial employees
- Consultative approach on customer relationships
- Business targeted on Neuland's technology capabilities and perceived customer needs leading to increased traction

Strategy Forward

- Add depth in technical capabilities
- Investment in QBD labs, process engineering and foray into new areas of customer solutions
- Work effectively on customer relationships and leverage on portfolio expansion
- Targeting molecules in the later stages of the clinical cycle

Create a sustainable CMS business that is driven by technology and strong customer relationships

Competitive Advantage



Capabilities

Neuland Manufacturing Facilities

Unit	U1, Bonthapally, Hyderabad 222.5 KL	U2, Pashamylaram, Hyderabad 310.2 KL	U3, Gaddapotharam, Hyderabad 197 KL
Year of establishment	1986	1994	2017
Key products	Mirtazapine, Sotalol Hcl, Levetiracetam, Levofloxacin, Salmeterol, Salbutamol, NCE APIs, Peptide APIs, Vitamin D2 analogues	Ciprofloxacin Hcl, Entacapone, NCE APIs, Intermediates & RSMs	Products including Key Intermediates
Regulatory	USFDA, EDQM, CFDA, PMDA	USFDA, EDQM, PMDA, ANVISA	Inspected by USFDA in 2015

Adding capacities for backward integration and new business

State-of-the-art R&D Centre

R&D Facility, Hyderabad

Neuland's R&D facility had been inspected by USDFA in February 2016 without any observations

Infrastructure

- 15 Development Labs with space for expansion
- 60 Fume hoods
- Analytical Labs
- Dedicated kilo Lab for Scale up
- Dedicated Labs for Peptides
- Separate facility for D2 analogues

Significant R&D Achievements:

- Several NCE APIs added in NDA or commercial stage drugs
- Support for multiple APIs each year in Phase 2 and Phase 3 clinical candidates
- Generic API business:
  - 880+ DMFs filed
  - 300+ API processes developed
  - 204+ patents filed. Received USPTO patent for improved process synthesis of Paliperidone Palmitate

Regulatory Filings

55
DMFs with USFDA

30
Filings with Health Canada

10
Japanese DMF filed

19
China DMF filed

18
filings with KFDA Korea

22
filings with TGA

213
ROW filings including Turkey, Mexico, Brazil etc

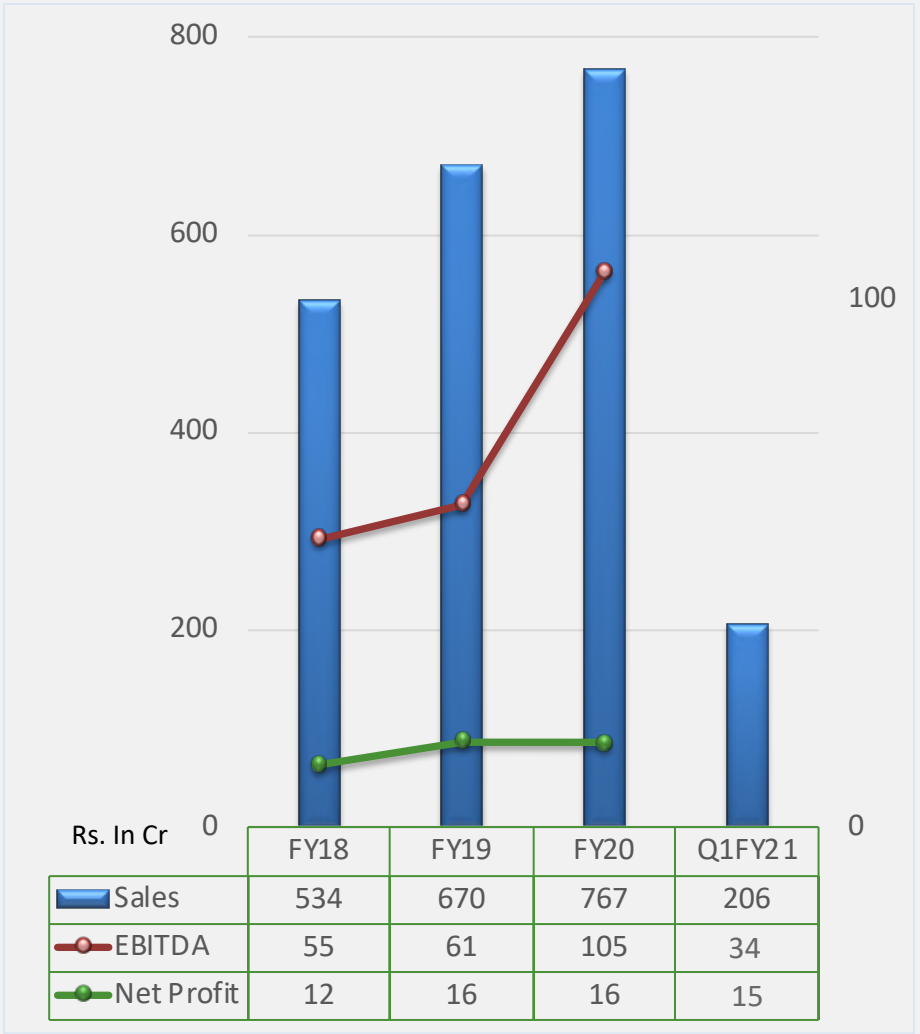
~489
EUDMF filings across Germany, France, Poland, Italy etc

24
CEPs Received for different products

880+
Filings till date

Financials

Income Statement



Rs. In Cr	FY18	FY19	FY20	Q1FY21
Sales	534	670	767	206
EBITDA	55	61	105	34
Net Profit	12	16	16	15

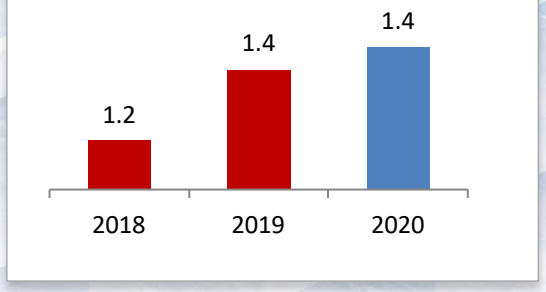
Financial Performance Highlights

- Revenue CAGR of 19.8% for FY18-20 led by growth in all 3 businesses
- EBITDA growth of 38.9% CAGR in FY18-20 due to high margin CMS business and increase in GDS contribution
- Change in business mix with increasing amount of margins coming from CMS business and certain Specialty products and cost optimization measures helped improve profitability

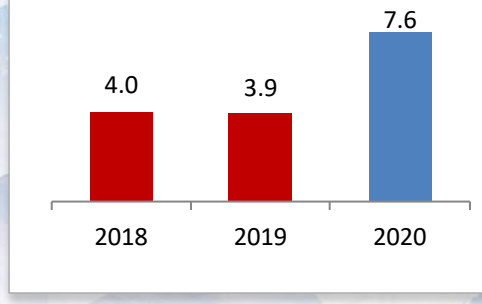
Balance Sheet

Particulars (Rs. Cr)	Mar-18	Mar-19	Mar-20
Shareholders' funds	555	696	706
Net Debt	302	194	214
Investments	8	8	8
Tangible Assets	320	365	395
Intangible Assets	2	2	2
Working Capital	76	122	152

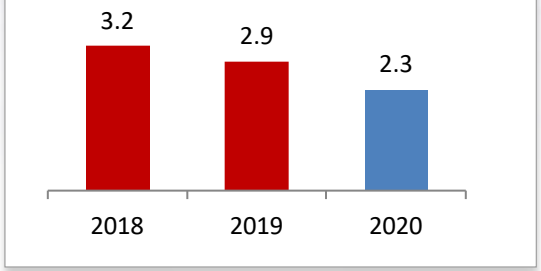
Current Ratio (x)



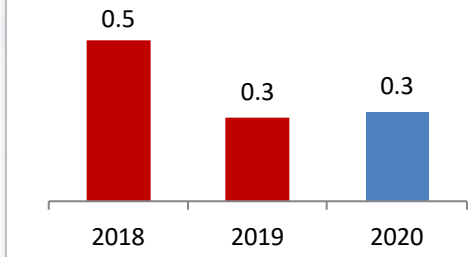
ROCE (%)



Fixed Asset Turnover (x)



Debt to Equity (x)*



*Some earlier presentations had Net-Debt/Tangible Networth ratios

Outlook

Growth Strategy for Business

Business

Extend capabilities to organically build a sustainable GDS and CMS business

Chemistry

Deploy advanced chemistry skills to add differentiated products to its portfolio

Quality

Develop techniques like QBD to stay ahead of the curve & set precedents for “no quality compromise”

Scale

Invest into capacity to augment sales and accelerate business growth

Relationships

Leverage on Long – standing relationships with leading generic and innovator companies

Financials

Re-aligning revenue portfolio for a profitable growth

Create an organization that results in value for all stakeholders

Contact us

About Neuland Laboratories Limited

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Thank you