



Earnings Presentation

Q2 & H1 FY 23

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.



Q2 & H1 FY-23
HIGHLIGHTS



BUSINESS OVERVIEW



CAPABILITIES



FINANCIALS



OUTLOOK



Q2 & H1 FY-23 HIGHLIGHTS

SUCHETH DAVULURI



"We are pleased to report a record quarterly revenue of Rs.294 crores. The YoY revenue growth of 13.9% was powered by the Specialty and CMS verticals. We believe this sets us up firmly on the growth path for the rest of this year while providing a strong foundation for the future. The record EBITDA margin of 23.6% was led by shift in business mix towards higher margin products as well as various cost optimization initiatives. We expect this structural shift to deliver greater operating leverage over the long term."

SAHARSH DAVULURI



"The CMS business reported highest ever revenues at Rs. 97 crores led by an equal contribution from both development and commercial projects. The CMS business continues to add projects of greater significance leading to better long-term visibility. Overall, we foresee a promising future for both the GDS and CMS business backed by our focus on execution excellence. "

Q2 FY23



Business Highlights

- ❖ Specialty business growth driven by products in pipeline, where customers are preparing for launch. Key products being Paliperidone, Ezetimibe, Donepezil and Apixaban
- ❖ CMS business driven by a product in development and a commercial molecule
- ❖ In Prime segment Mirtazapine, Levetiracetam, Labetalol were the key molecules
- ❖ Sustainability rating of Silver given by ECOVADIS during the quarter



Financial Highlights

- ❖ Total income was Rs. 293.9 crore in Q2FY23, an increase of 13.9% YoY
- ❖ EBITDA was Rs. 69.4 crore in Q2FY23, an increase of 61.1% YoY
- ❖ EBITDA margin increased by 690 bps YoY to 23.6% in Q2 FY23 from 16.7% due to
 - Easing of input prices
 - Shift towards higher margin products
- ❖ PAT increased by 88.6% YoY to Rs. 38.3 crores

H1 FY23



Business Highlights

- ❖ Specialty business growth driven by Paliperidone, Donepezil and Apixaban
- ❖ CMS revenues driven by both development and commercial molecules
- ❖ In Prime segment Mirtazapine and Labetalol were the key molecules
- ❖ Improving utilization of Unit-3 as key CMS projects under Development are manufactured/planned



Financial Highlights

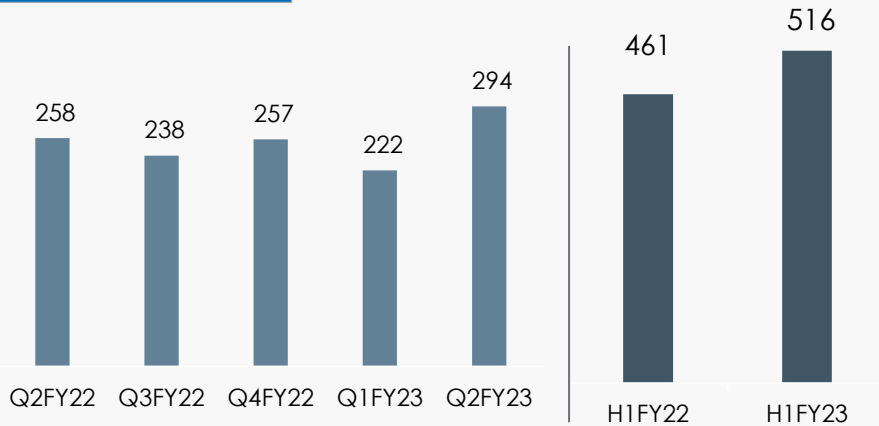
- ❖ Total income was Rs. 515.6 crore in H1FY23, an increase of 11.8% YoY
- ❖ EBITDA was Rs. 98.4 crore in H1FY23, an increase of 39.1% YoY
- ❖ EBITDA margin increased by 380 bps YoY to 19.1% in H1 FY23 from 15.3% due to
 - Easing of input prices, shipping costs and logistics issues
 - Shift towards higher margin products
- ❖ PAT increased by 66.3% to Rs. 48.2 crores.

Profit & Loss Snapshot (Standalone)

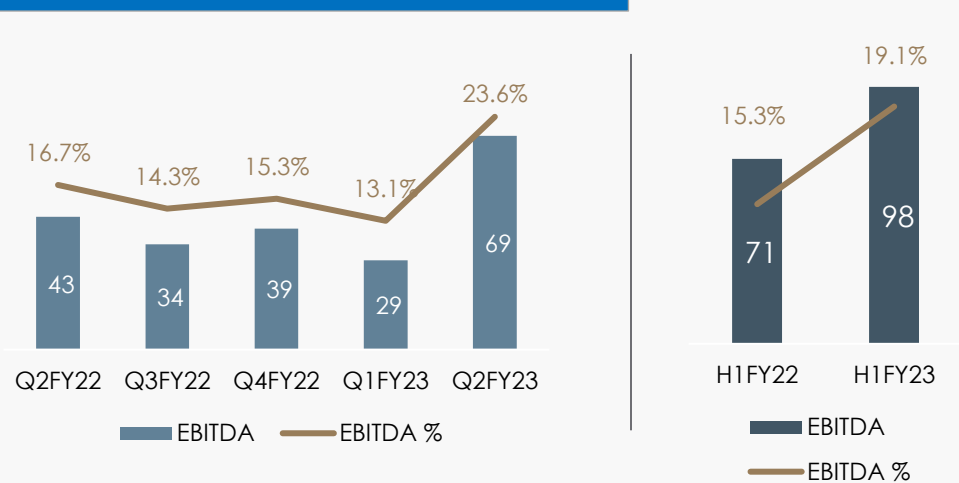
Particulars (Rs. Cr)	Q2FY23	Q1FY23	QoQ		YoY		H1FY23	H1FY22	YoY (%)
			(%)	Q2FY22	(%)	H1FY22			
Total Income	293.9	221.7	32.6%	258.1	13.9%	515.6	461.1	11.8%	
EBITDA	69.4	29.0	139.4%	43.1	61.1%	98.4	70.7	39.1%	
EBITDA Margin	23.6%	13.1%	1050 bps	16.7%	690 bps	19.1%	15.3%	380 bps	
Profit Before Tax	53.1	13.3	298%	27.5	92.7%	66.4	39.5	68.0%	
Profit Before Tax Margin	18.1%	6.0%	1210 bps	10.7%	740 bps	12.9%	8.6%	430 bps	
Profit After Tax	38.3	9.8	289.5%	20.3	88.6%	48.2	29	66.3%	
Profit After Tax Margin	13.0%	4.4%	860 bps	7.9%	510 bps	9.3%	6.3%	300 bps	
Earnings Per Share (Rs.)	29.9	7.7	289.5%	15.8	88.6%	37.5	22.6	66.3%	

Financials (standalone)

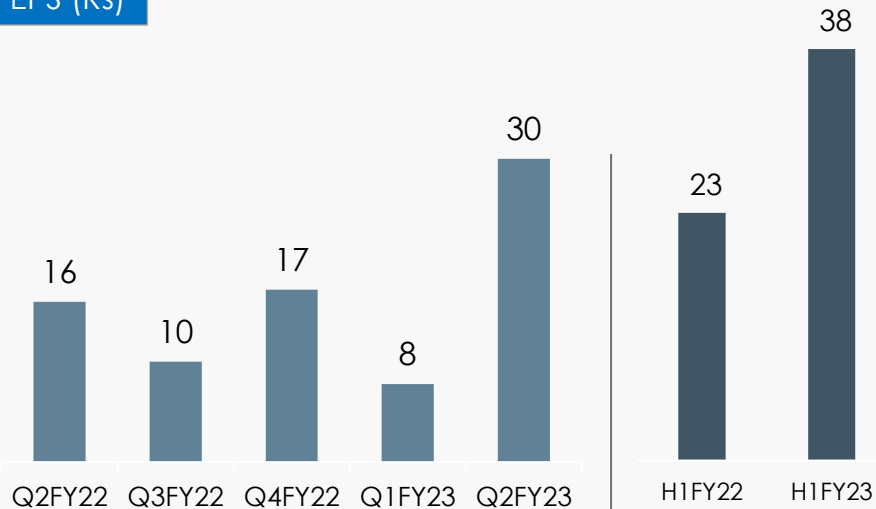
Revenue (Rs. Cr)



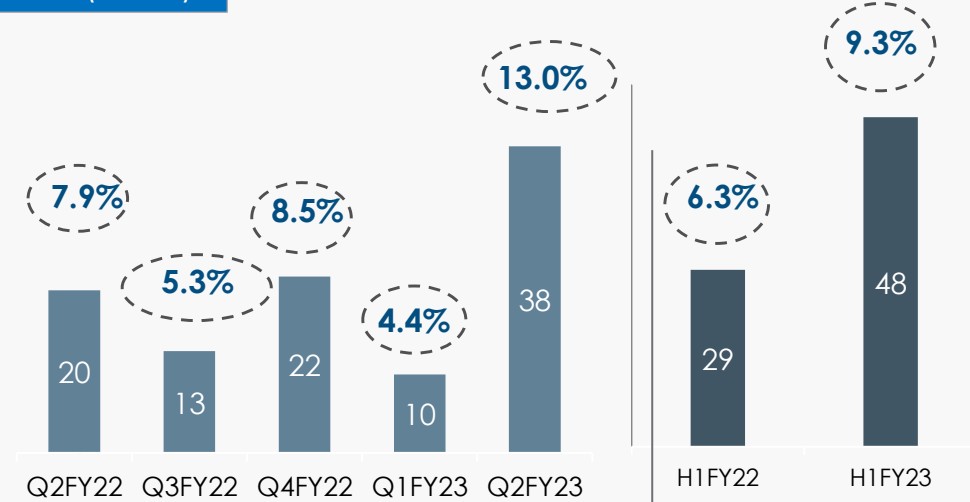
EBITDA (Rs. Cr) and EBITDA Margin (%)



EPS (Rs)

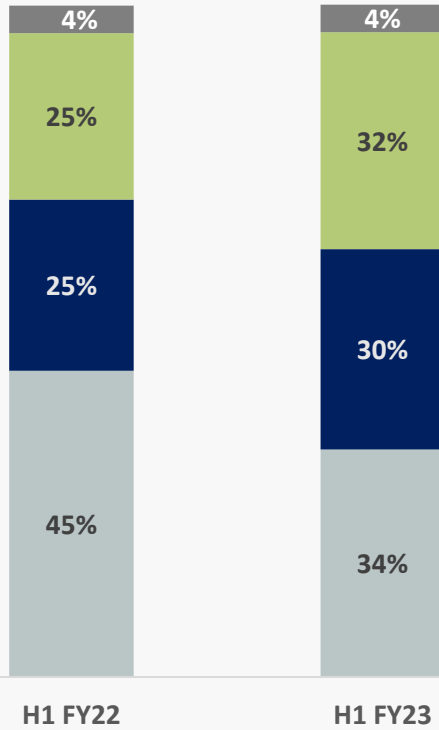


PAT (Rs. Cr)

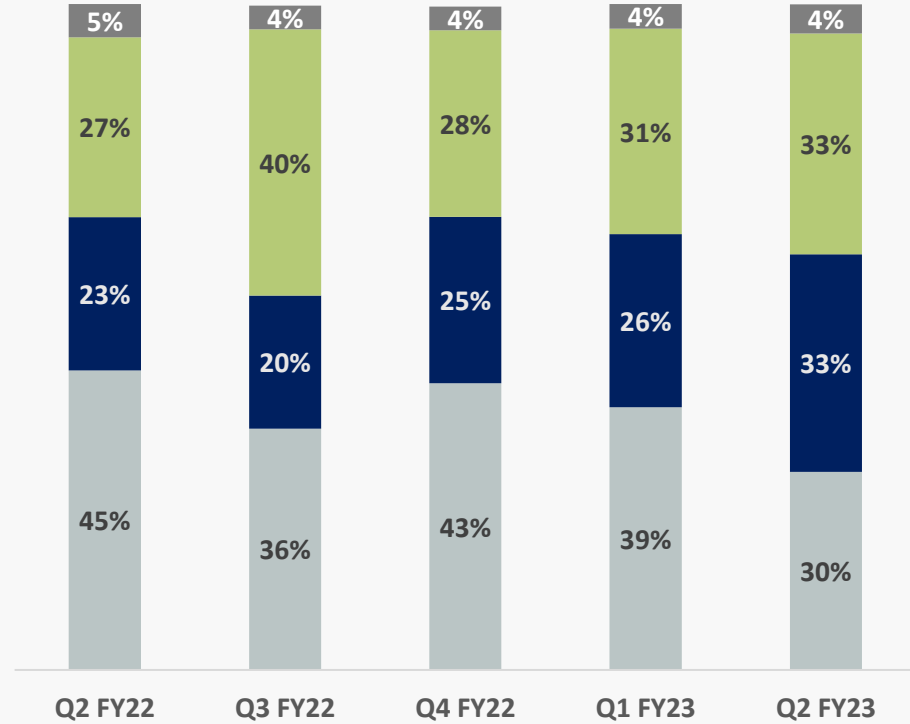


Key Operating Metrics

YoY Analysis



QoQ Movement

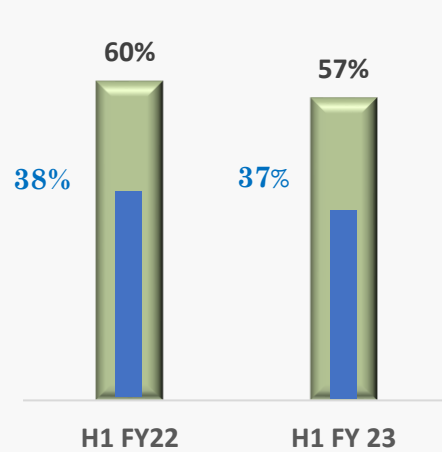


■ Prime ■ Specialty ■ CMS ■ Others

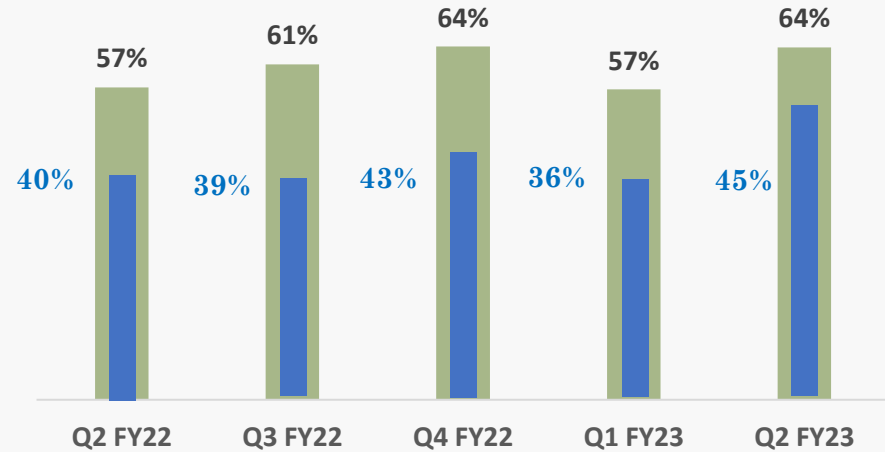
Business Salience (Overall Company)

PRODUCT

YoY Analysis



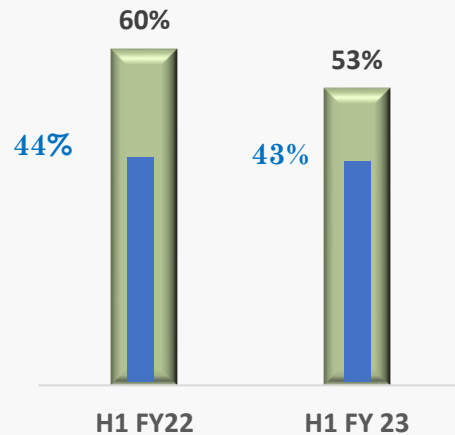
QoQ Movement



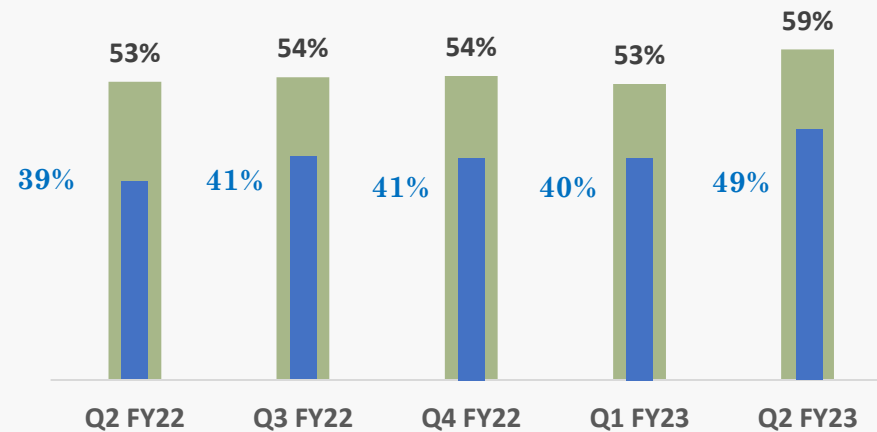
TOP 10
TOP 5

CUSTOMER

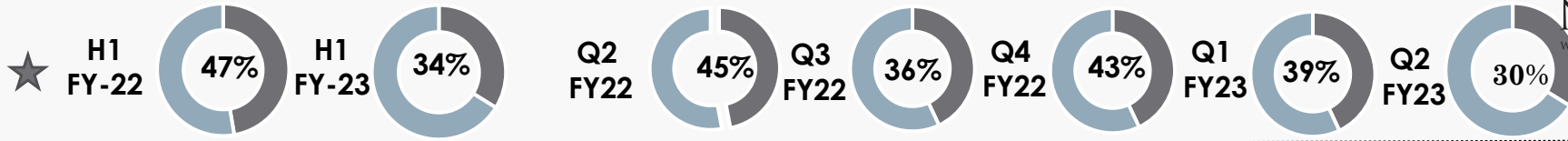
YoY Analysis



QoQ Movement

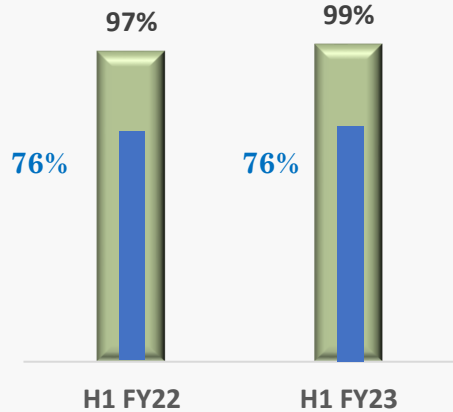


Business Salience (Prime)

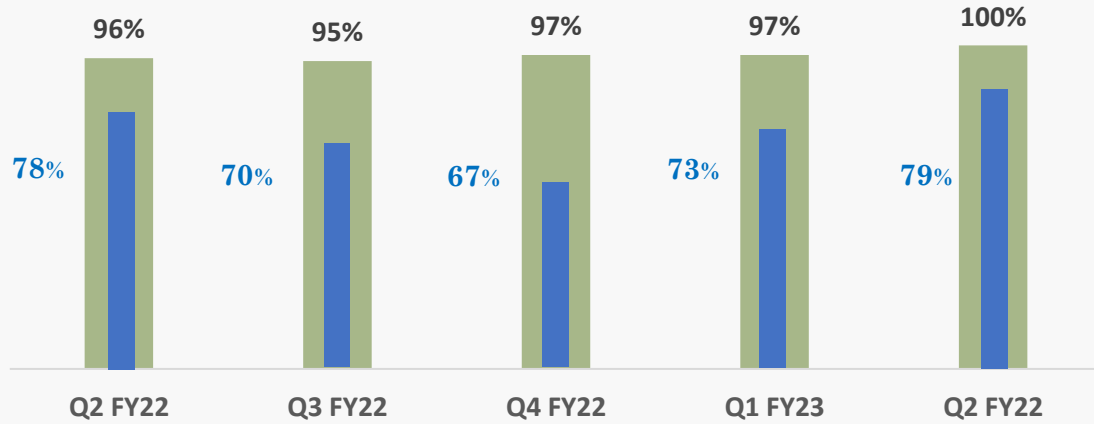


PRODUCT

YoY Analysis



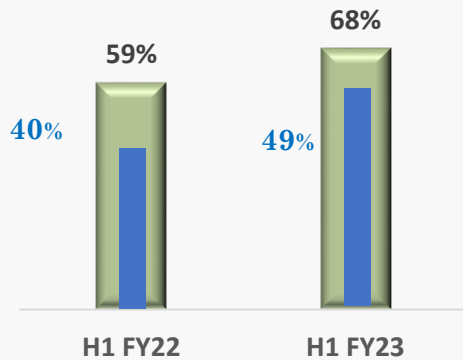
QoQ Movement



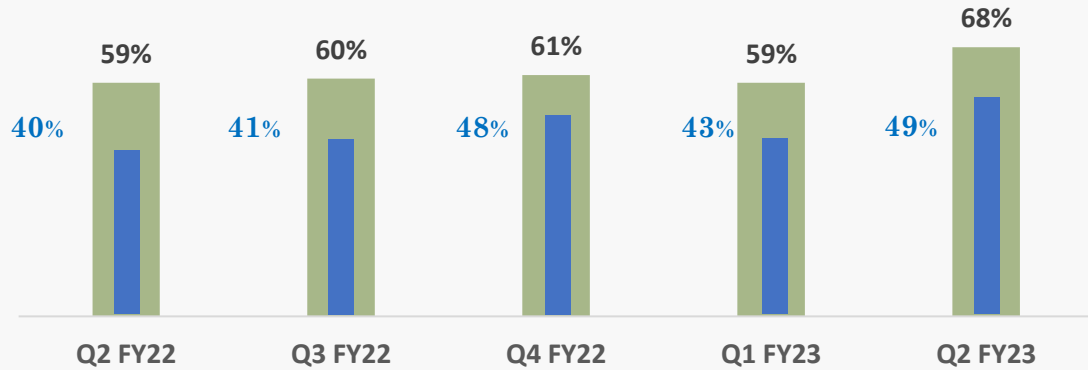
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CUSTOMER

YoY Analysis

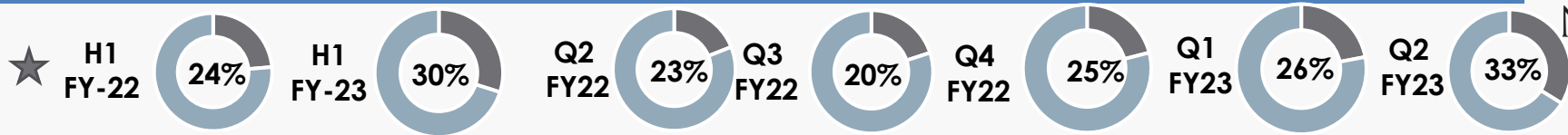


QoQ Movement

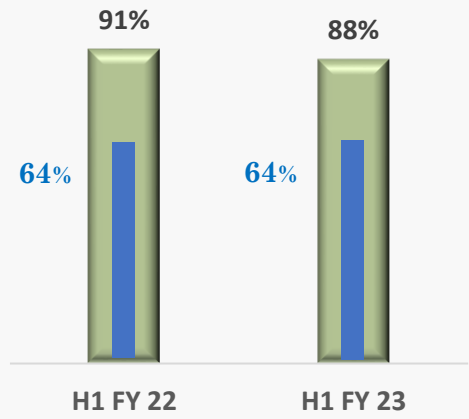


★ % represents Prime % from Overall revenue for respective Quarter / YTD

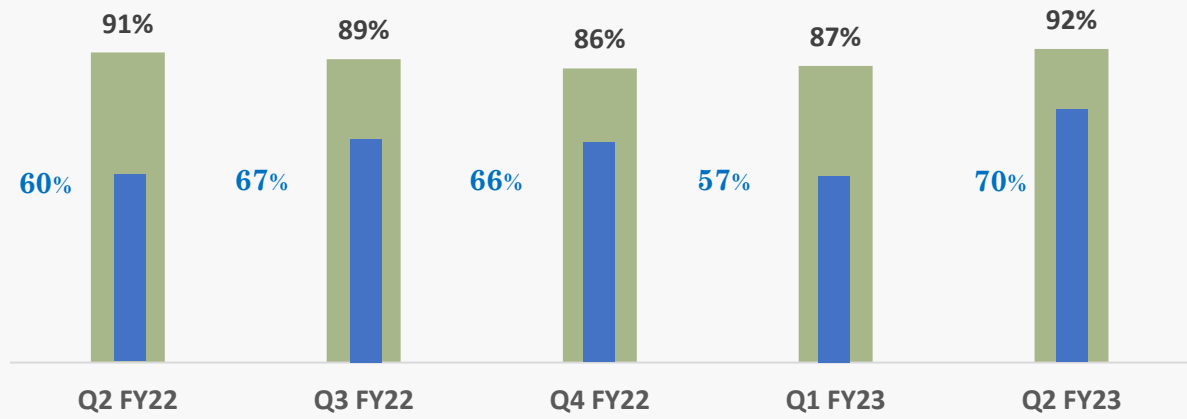
Business Salience (Specialty)



PRODUCT YoY Analysis

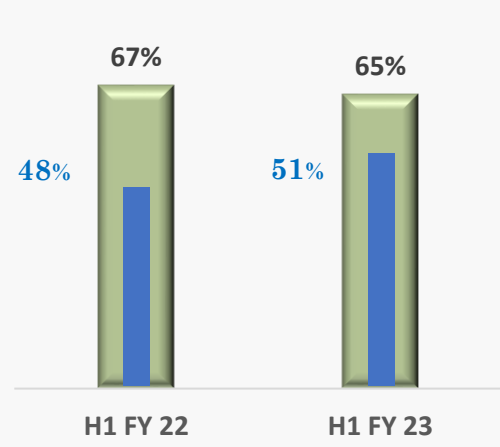


QoQ Movement

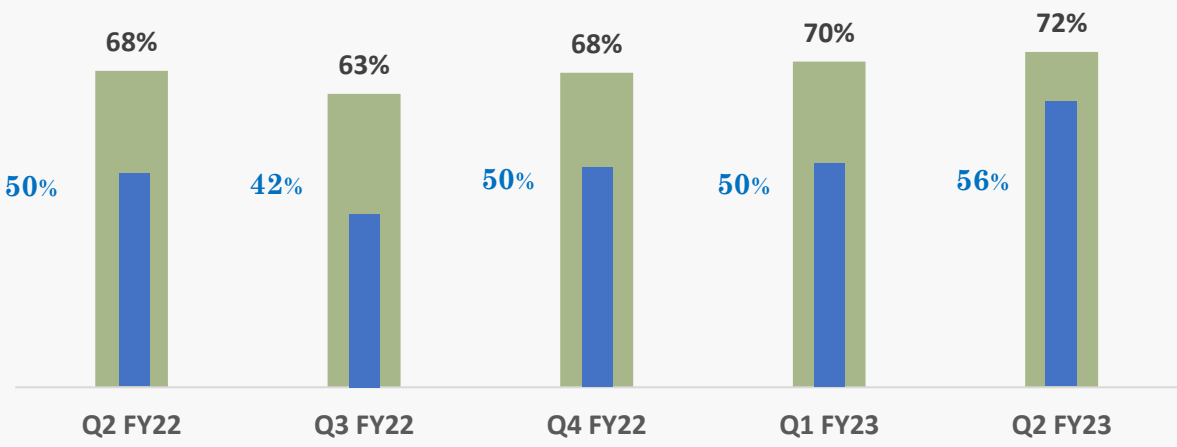


TOP 10
TOP 5

CUSTOMER YoY Analysis

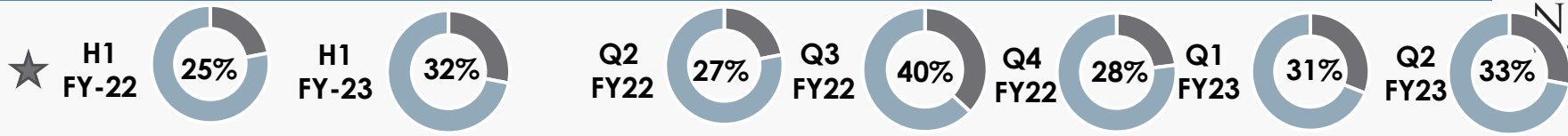


QoQ Movement



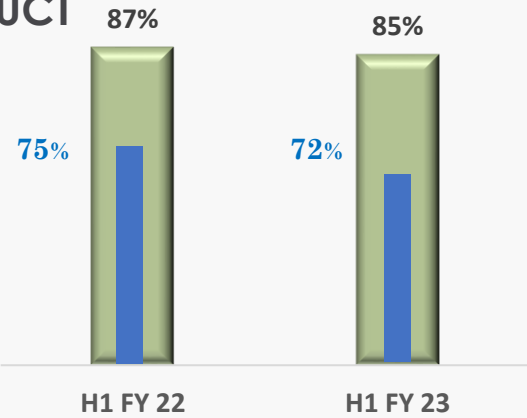
★ % represents Niche / Speciality % from Overall revenue for respective Quarter / YTD

Business Salience (CMS)

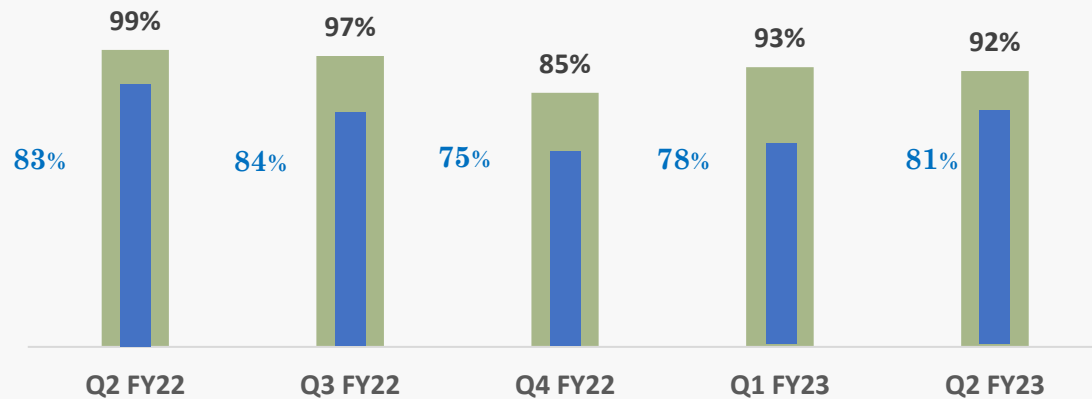


YoY Analysis

PRODUCT



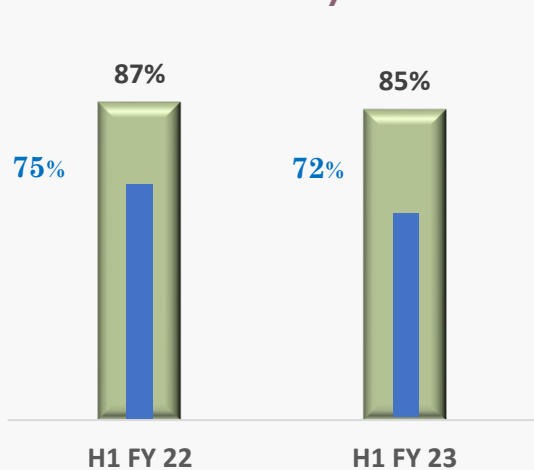
QoQ Movement



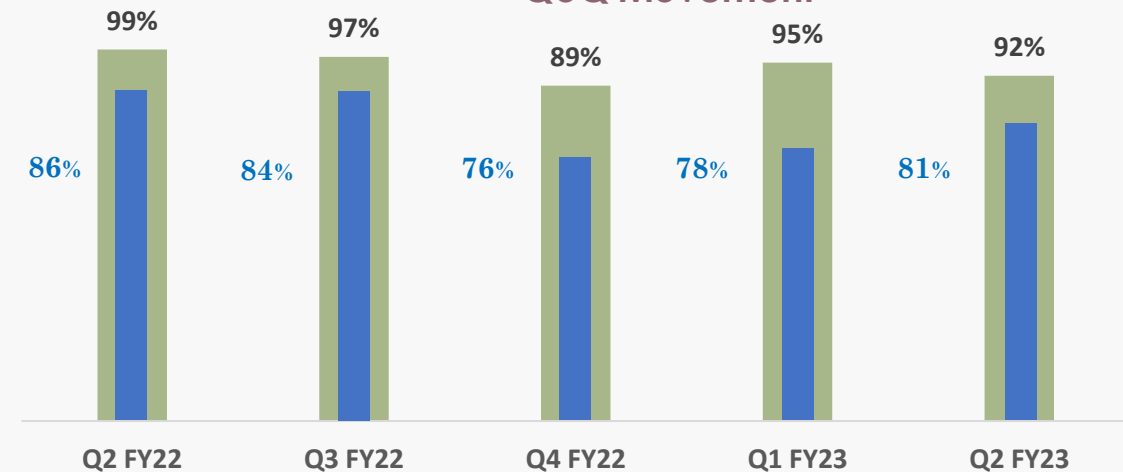
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CUSTOMER

YoY Analysis



QoQ Movement



★ % represents CMS % from Overall revenue for respective Quarter / YTD

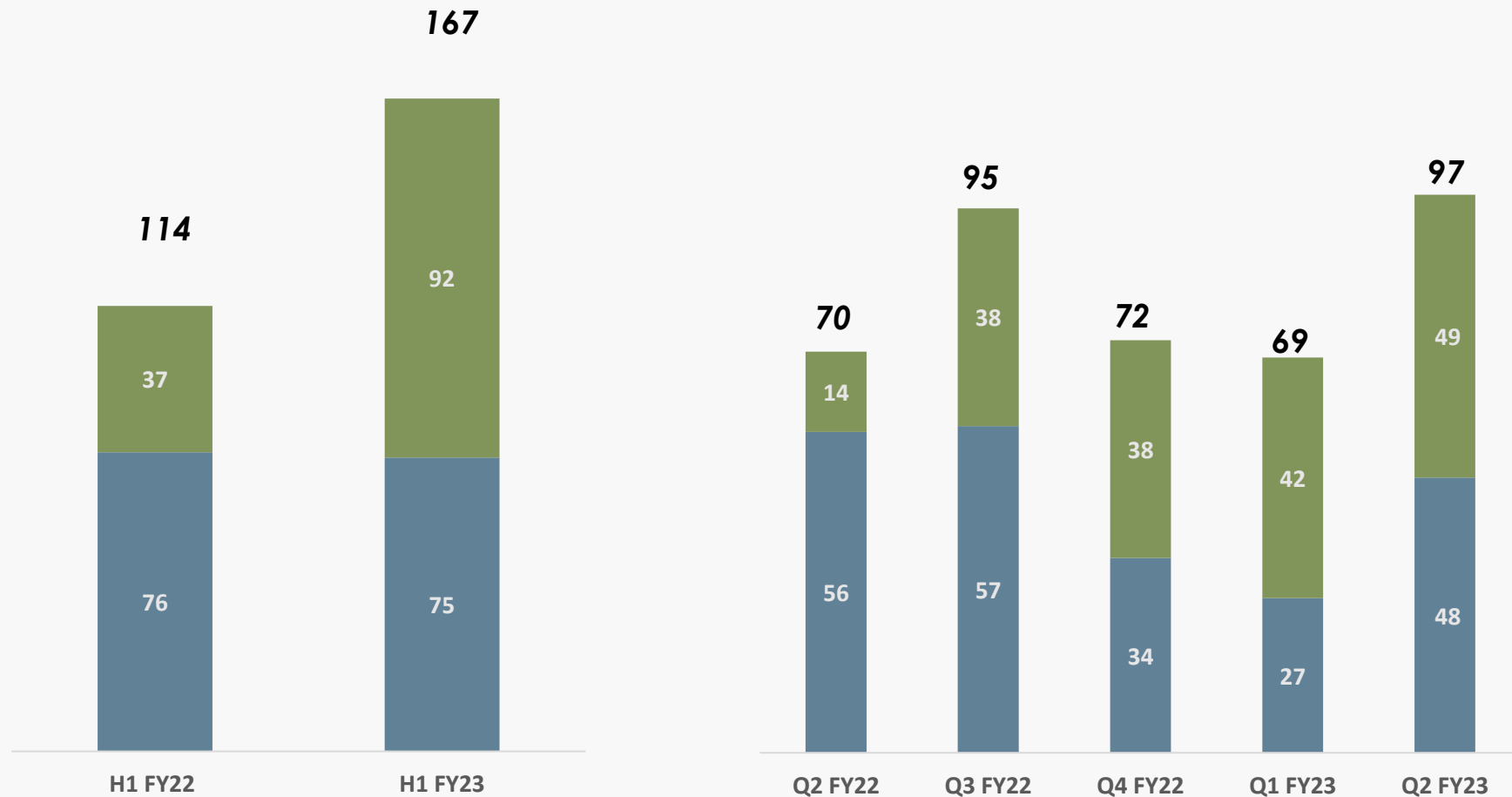
Key Operating Metrics – CMS Revenue Split

Rs. In Cr

■ Commercial ■ Development

YoY Analysis

QoQ Movement



Number of Active CMS Projects



Q2 FY-23	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	16	4	7	6	7	9	49
Intermediate	10	6	2	1	7	12	38
Grand Total	26	10	9	7	14	21	87

Q2 FY-22	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	15	3	8	4	10	7	47
Intermediate	7	5	2	0	8	11	33
Grand Total	22	8	10	4	18	18	80

Q2 FY-21	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	14	4	6	3	10	6	43
Intermediate	7	4	2	5	8	9	35
Grand Total	21	8	8	8	18	15	78

Q2 FY-20	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	11	4	6	6	4	6	37
Intermediate	1	3	1	5	11	10	31
Grand Total	12	7	7	11	15	16	68



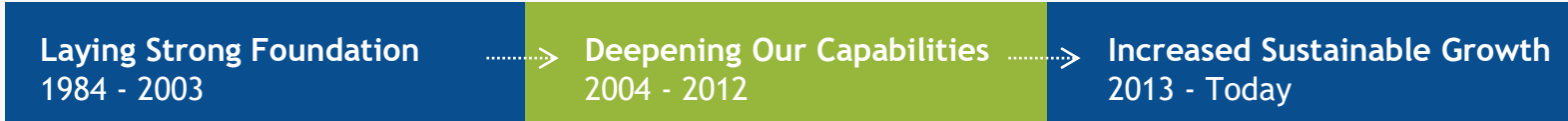
BUSINESS OVERVIEW

Our Journey – Key Milestones



Successfully cleared 15 USFDA inspections.

Multiple audits passed with no major observations



Year	Milestone
1984	Incorporated
1986	First API sale of Salbutamol Sulphate / Albuterol Sulphate
1994	Neuland goes public
1997	First US FDA Audit
2004	USA Operation
2007	Japan Subsidiary
2008	R&D Centre established; EDQM Audit of Unit-1
2009	PMDA, Japan Approval First NCE Approval
2013	Strategic alignment of business towards niche API's & Custom Manufacturing Solutions
2015	10th US FDA Audit
2016	R&D Facility approved by US FDA
2017	Among first 3 API facilities in India to be audited by CFDA (Unit-1) EDQM Audit of Unit-2
2018	Acquisition of advanced intermediates & API Facility
2019	Increased flow of projects from CMS Japan Active emphasis on supply chain de-risking
2020	100 Mn+ Revenue over 75 Live CMS Projects 15th US FDA Audit of Unit-2
2021	Unit - 3 Commercialization 271 KL Reaction volume

Generic Drug Substance (GDS)

We started as a Prime API manufacturer...

..Added complex molecules for Speciality products..



Capability

- ✓ 3 US FDA and EU GMP compliant manufacturing facilities
- ✓ Collective capacity: ~860 KL



Business Approach

- ✓ Work on molecules either with a business leadership approach or partnership with client
- ✓ Ensure uninterrupted supply with quality commitment



Strategy Forward

- ✓ Maintain leadership position in key molecules
- ✓ Work on process optimization to improve yields, productivity and thus margins



Capability

- ✓ High end complex chemistry capabilities
- ✓ Backend support by R&D department
- ✓ Experience of hurdle free scale up



Business Approach

- ✓ Work with leading companies and help them to meet their technical requirements while being competitive



Strategy Forward

- ✓ 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



Services

- ✓ Manufacturing API to customer specifications
- ✓ Designing and developing manufacturing processes
- ✓ Process optimization for competitiveness
- ✓ Complete CMC partner for the API
- ✓ Patent protection for processes



Business Approach

- ✓ Local presence in US, Europe 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



CAPABILITIES

Scaled up Manufacturing Facilities over the years



UNIT-1 233 KL
Bonthapally, Hyderabad



UNIT-2 363 KL
Pashamylaram, Hyderabad



UNIT-3 305 KL
Gaddapotharam, Hyderabad

Year of Establishment

1986

1994

2017*

Blocks

Block - 1, 2, 3, 4, H, KL & S

34 Block-1, 2, 3, FC, NMSM, Mini plant 6

Block - 1, 2, 4, 5

Hydrogenation Reaction Volume

7.4KL

6 KL

Facility creation under process

Solvent Recovery System

100KLD

20KLD

50KLD

Cryogenic Reaction Volume

25KL

15 KL

15KL

Regulatory

USFDA, EDQM, CFDA, PMDA, et. al

USFDA, EDQM, PMDA, ANVISA et. al

Desktop Inspection by USFDA in 2020; ANVISA (Brazil) 2022

R&D Facility, Hyderabad

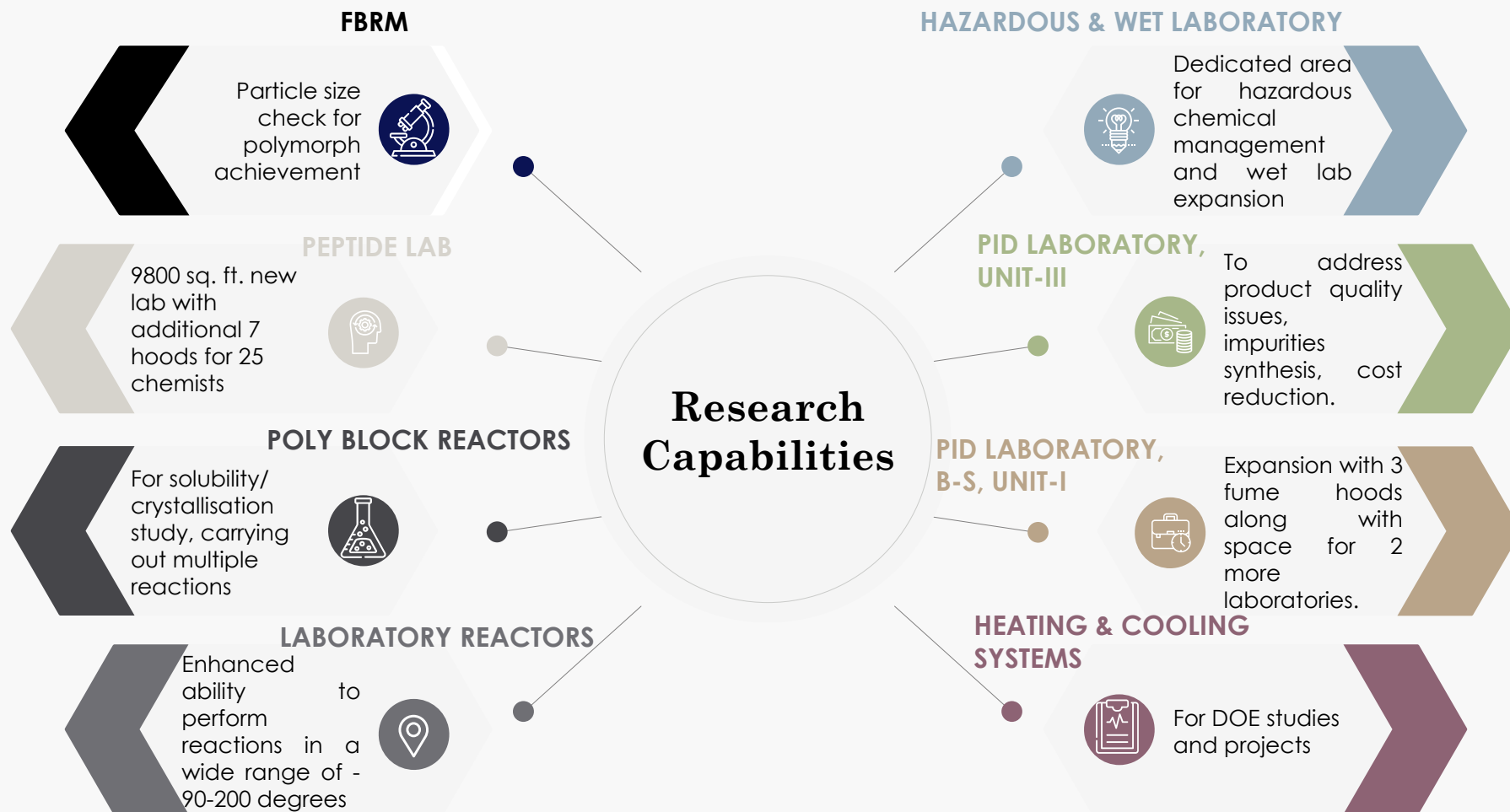


Infrastructure

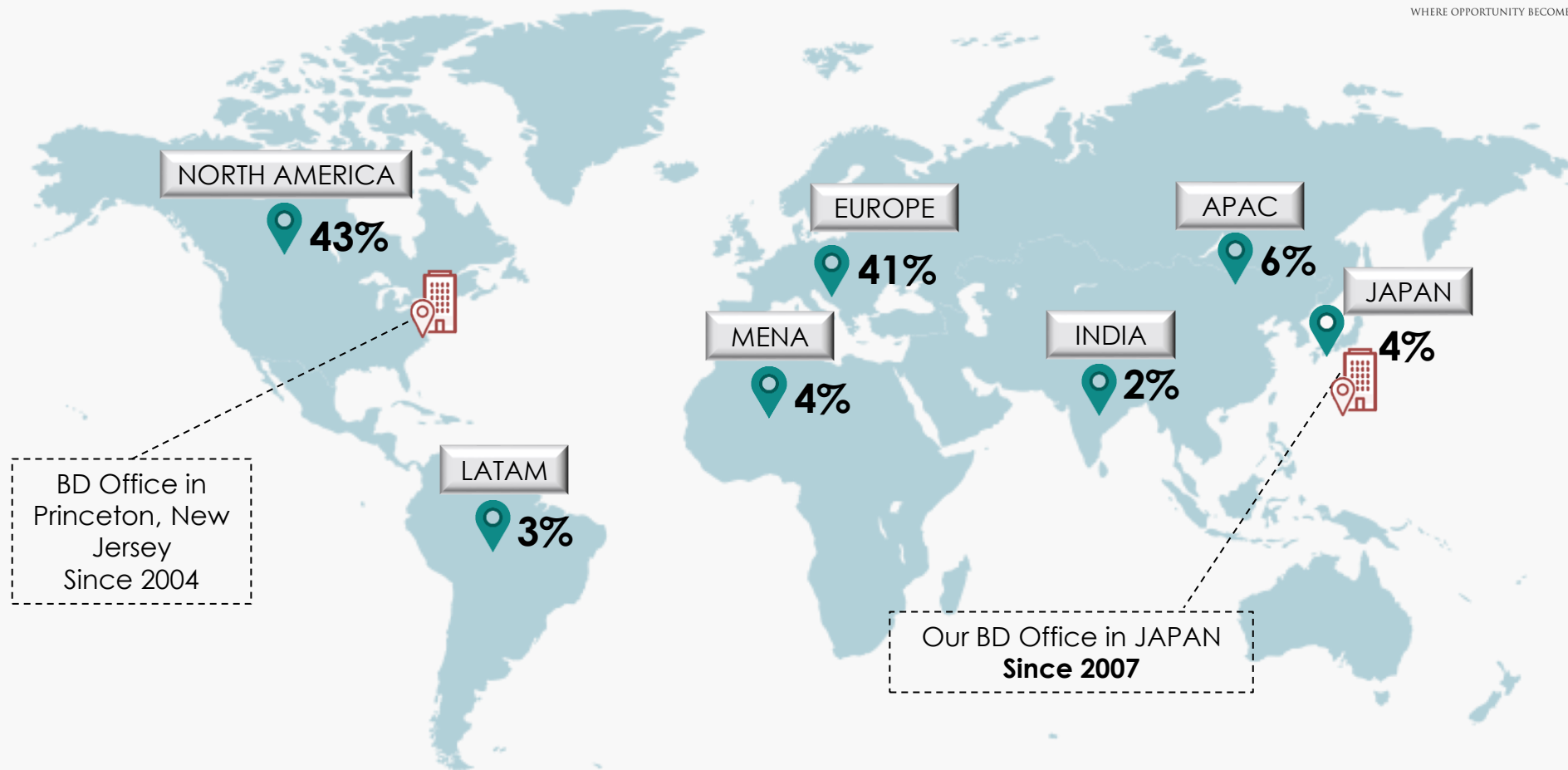
- 15 Development Labs with space for expansion
- 60 Fume hoods
- Analytical Labs
- Dedicated kilo Lab for Scale up
- Dedicated Labs for Peptides
- Separate facility for D2 analogues

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 -
 - ✓ 900+ DMFs filed
 - ✓ 300+ API processes developed
 - ✓ 204+ patents filed. Received USPTO patent for improved process synthesis of Paliperidone Palmitate



Global Presence



% Refers to H1FY23 Sales by End market

Regulatory Filings Across Geographies



62

DMFs with
USFDA



Health
Canada

30

Filings with Health
Canada



10

Japanese DMF filed



20

China DMF filed



19

filings with
KFDA Korea



25

filings with TGA



238

ROW filings including
Turkey, Mexico, Brazil
etc

~499

EUDMF filings
across Germany,
France, Poland,
Italy etc



COUNCIL OF EUROPE



CONSEIL DE L'EUROPE

28

CEPs Received
for different
products

931+

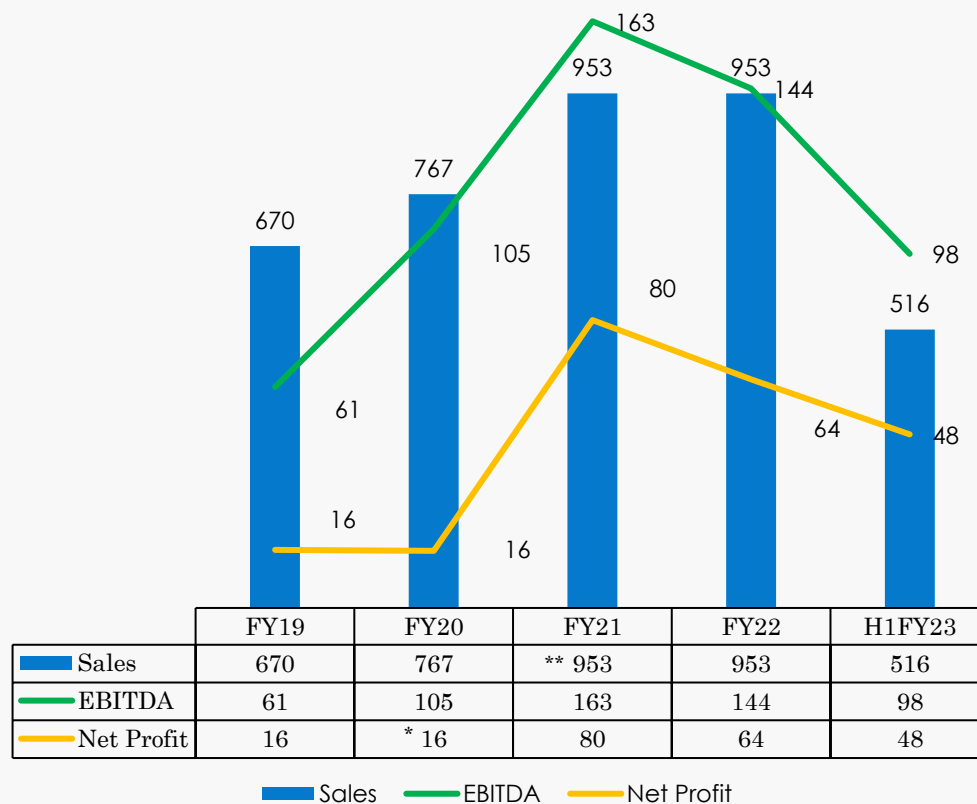
Filings till date

** The numbers on this slide reflect the number of filings, the number of active filings could vary as geographic filings are merged and changes in product portfolio .



FINANCIALS

Rs. In Cr



FINANCIAL PERFORMANCE HIGHLIGHTS

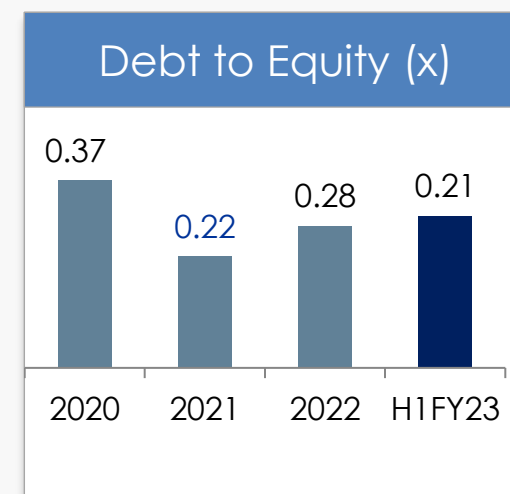
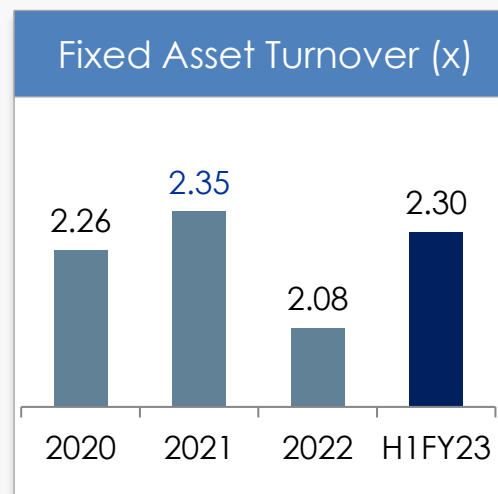
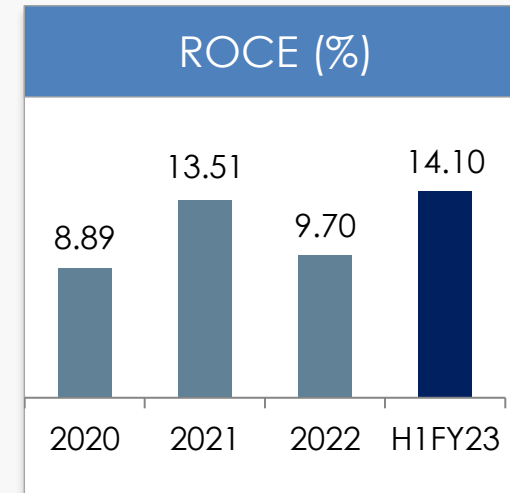
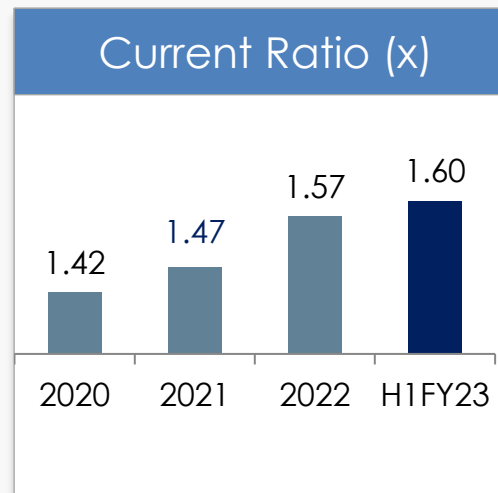
- Revenue CAGR of 12.5% for FY 19-22 led by growth in all 3 businesses
- EBITDA growth of 33.0% CAGR in FY 19-22 due to balanced contribution from both GDS and CMS business
- Shift to CMS and Specialty in overall revenue mix along with resource efficiency steps accelerated profitability

** FY21 included other income of Rs. 13.09 crores towards profit on sale of investment property

* 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

Stable Balance Sheet..

Particulars (Rs. Cr)	Mar-20	Mar-21	Mar-22	Sep-22
Shareholders' funds	706	782	836	877
Net Debt	214	152	212	181
Investments	8	7	4	4
Tangible Assets	391	438	497	503
Intangible Assets (Excluding Goodwill)	2	3	2	1
Working Capital	289	309	382	416

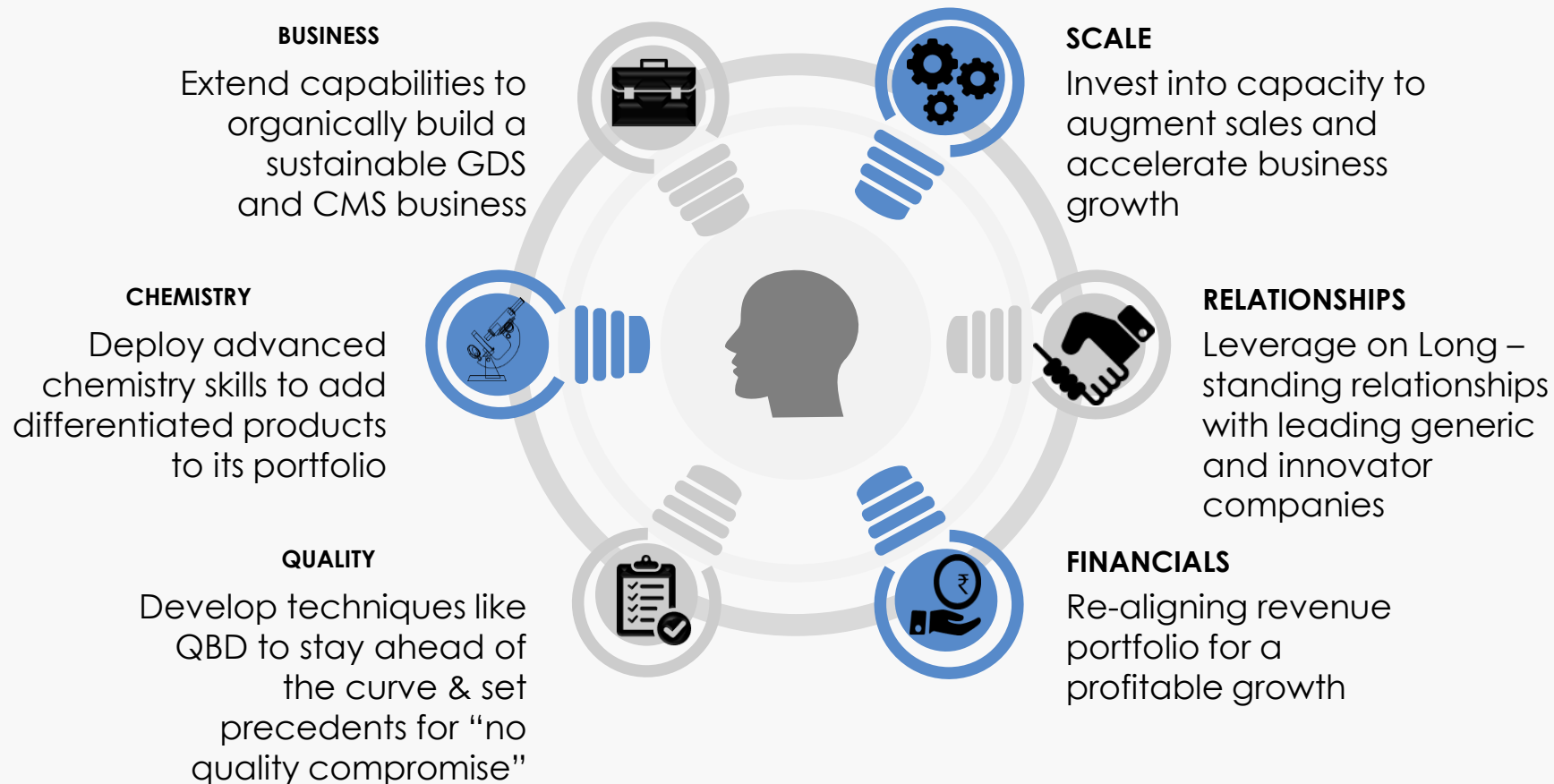




OUTLOOK

..Laying Foundation for our Growth Strategy

CREATE AN ORGANIZATION THAT RESULTS IN VALUE FOR ALL STAKEHOLDERS



Contact Us



For over 38 Years, Neuland Laboratories Ltd. (BSE:524558, NSE: NEULANDLAB) 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 900+ Regulatory filings in the US (62 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.

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Thank You