



Neuland Laboratories Limited

INVESTOR PRESENTATION
Q4 and FY23

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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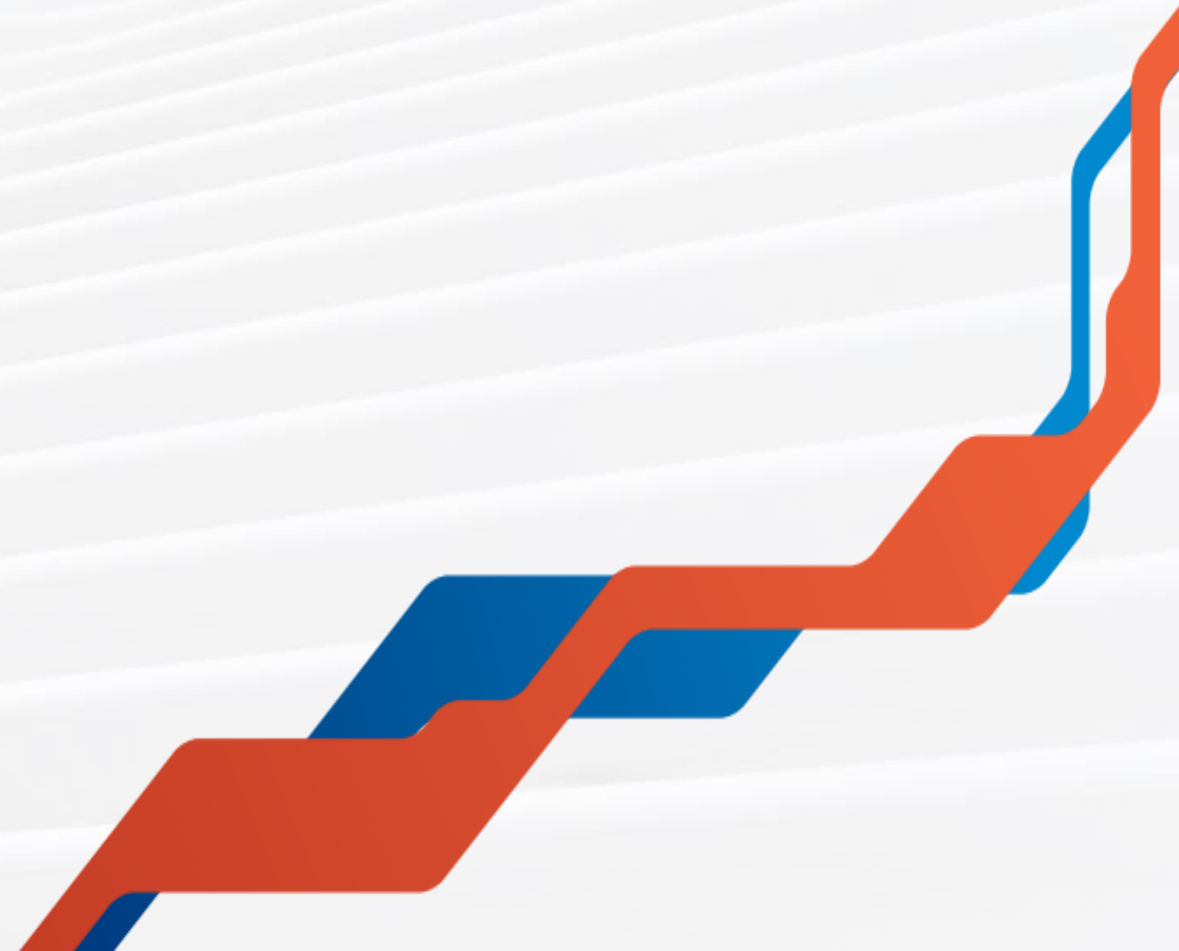
Appendix



**Q4 and FY23
Highlights**



1





SUCHETH DAVULURI

"We crossed several significant milestones in FY23 with business driven by ongoing growth in the high margin Specialty and CMS business. The performance of this fiscal reflects the various initiatives we have taken in line with our strategy over the last few years, playing out now. We believe that this puts us in a strong position as we look to consolidate the healthy momentum going forward."

SAHARSH DAVULURI

"We are happy to state that our focus on R&D and project management saw us achieve our highest ever profitability margins in FY23. We executed a number of CMS projects during the year resulting in the business recording significant growth and contributing close to half the Q4 revenues. We expect this momentum to continue in future as well on account of new customers increasingly accepting Neuland as a well regarded CDMO."





Q4 & FY23 Business Highlights

Specialty business

Specialty business growth driven by Apixaban, Paliperidone along with Ezetimibe, and Donepezil

Revenue contributions

CMS revenues driven by commercial molecules some of which have transitioned recently. Significant contribution from development revenue also.

Segment development

In Prime segment Mirtazapine, Ciprofloxacin and Labetalol were the key molecules

Portfolio Strategy

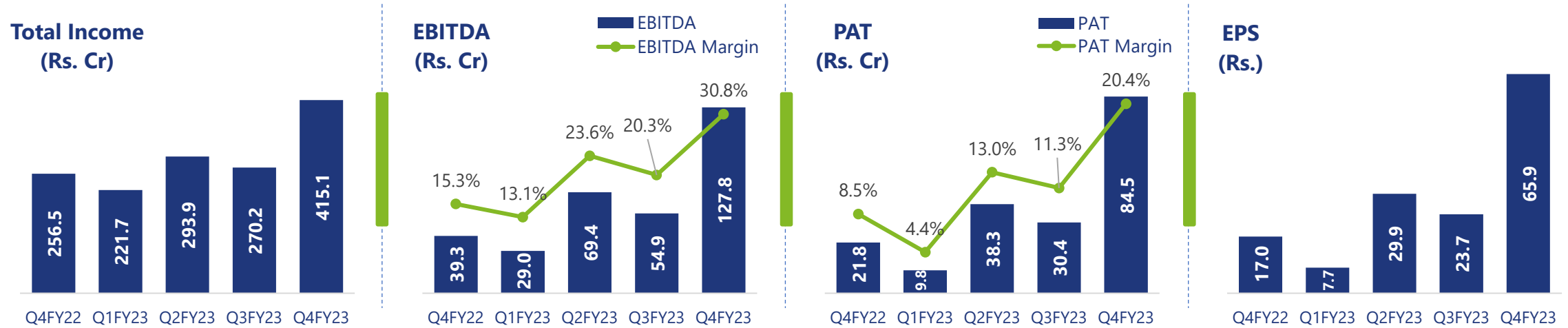
Filed 3 USDMFs - Tafamidis, Voxoletor and Voxelotor Co-crystal

Sustainability rating

ECOVADIS Silver and S&P ESG rating of 48 during the period



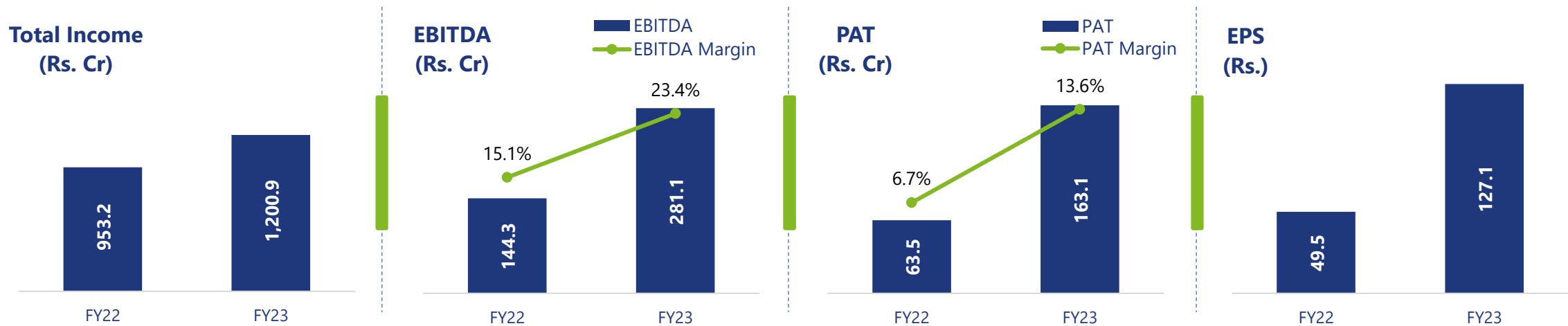
Q4FY23 Financial Highlights



Financial Highlights

- Total Income for Q4FY23 at Rs. 415.1 crore (+61.8% YoY) led by growth in Specialty and CMS segment
- EBITDA for Q4FY23 at Rs. 127.8 crore (+224.8% YoY)
- EBITDA Margin for Q4FY23 at 30.8% (increased by 1550 bps YoY) due to better business mix and operational leverage
- PAT for Q4FY23 at Rs. 84.5 crore (+287.2% YoY)
- Net Debt stood at Rs. 63.0 crore as at Q4FY23 end compared to Rs. 212.0 crores as at Q4FY22 end and Rs. 72.0 crores as at Q3FY23 end

FY23 Financial Highlights

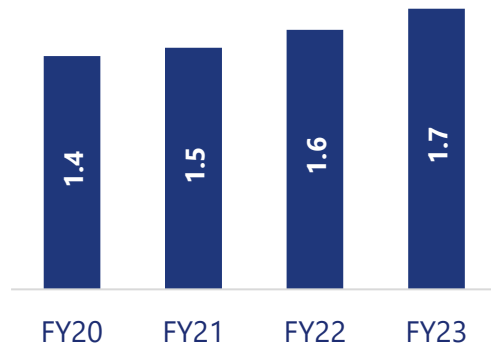


Financial Highlights

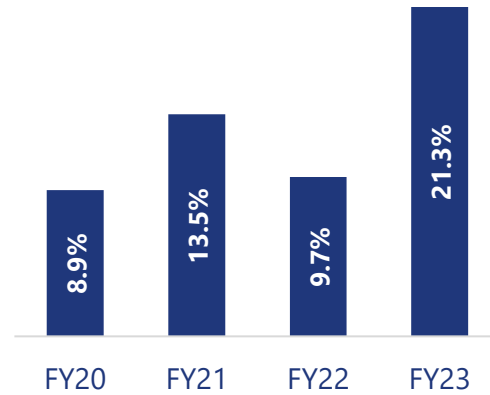
- Total Income for FY23 at Rs. 1,200.9 Crore (+26.0% YoY) led by growth in Specialty and CMS segment
- EBITDA for FY23 at Rs. 281.1 Crore (+94.8% YoY)
- EBITDA Margin for FY23 at 23.4% (increased by 830 bps YoY) due to better business mix
- PAT for FY23 at Rs. 163.1 Crore (+156.7% YoY) due to slower increase in depreciation compared to increase in EBITDA
- Debt/Equity stood at 0.12x due to retirement of Rs. 113.6 crore borrowings (net) in FY23
- Net Debt stood at Rs. 63.0 crore as at FY23 end compared to Rs. 212.0 crore as at FY22 end

Key Balance Sheet Metrics

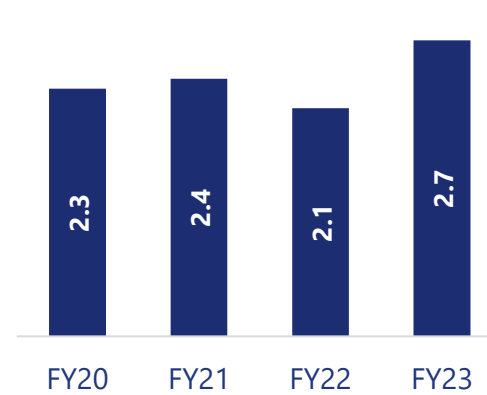
Current Ratio(x)



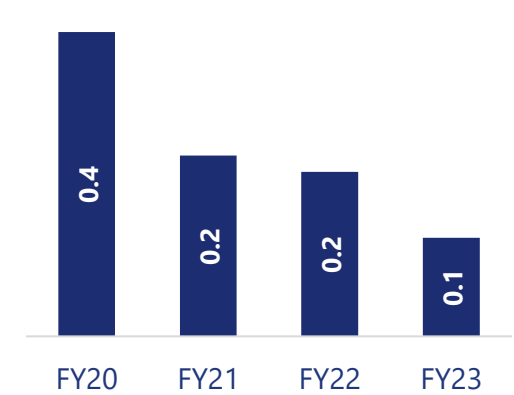
ROCE (%)



Fixed Asset Turnover (x)



Debt to Equity (x)

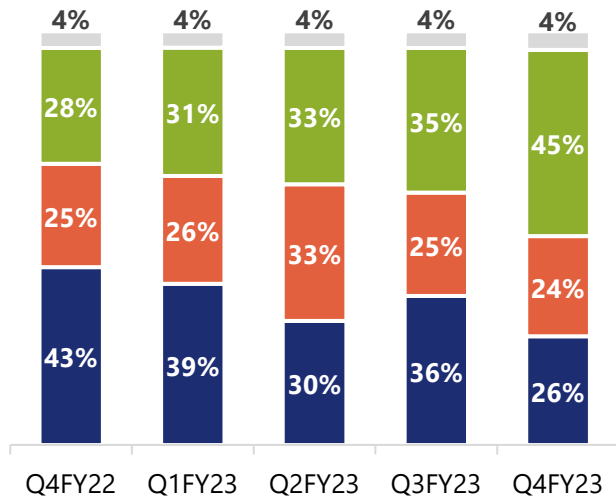


Value (Rs. Cr)	Mar-20	Mar-21	Mar-22	Mar-23
Shareholders Funds	705.5	781.9	835.6	988.4
Net Debt	199.9	127.0	212.0	63.0
Investments	8.0	7.1	4.0	0.7
Tangible Assets (including CWIP and Investment property)	391.1	437.9	497.2	511.2
Intangible Assets (Excluding Goodwill)	2.0	3.5	2.1	1.3
Working Capital	289.4	308.6	376.8	463.0

Key Operating Metrics Q4FY23

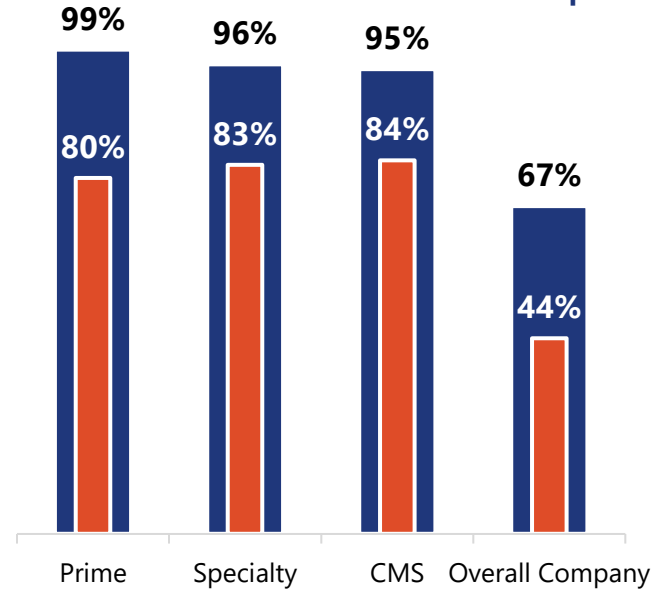
Segment Revenue

■ Prime ■ Specialty
■ CMS ■ Others



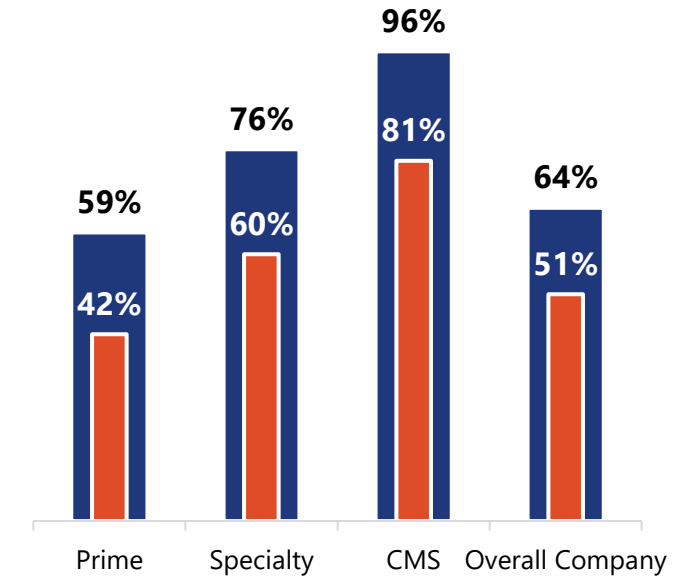
Top 10 & Top 5 Products

■ Top 10
■ Top 5



Top 10 & Top 5 Customers

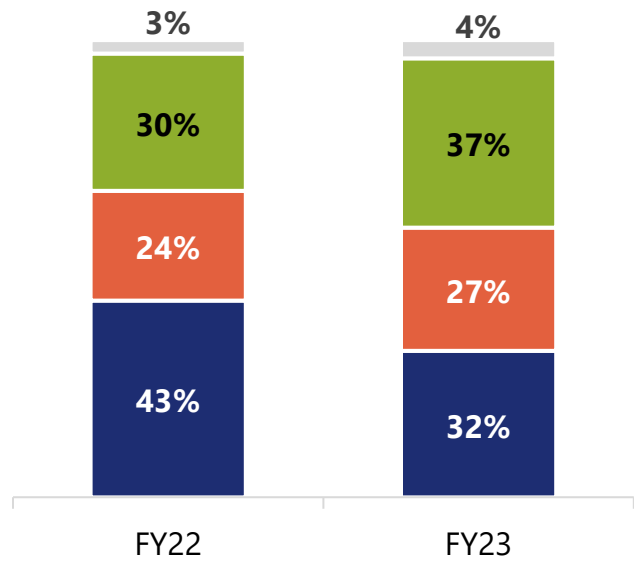
■ Top 10
■ Top 5



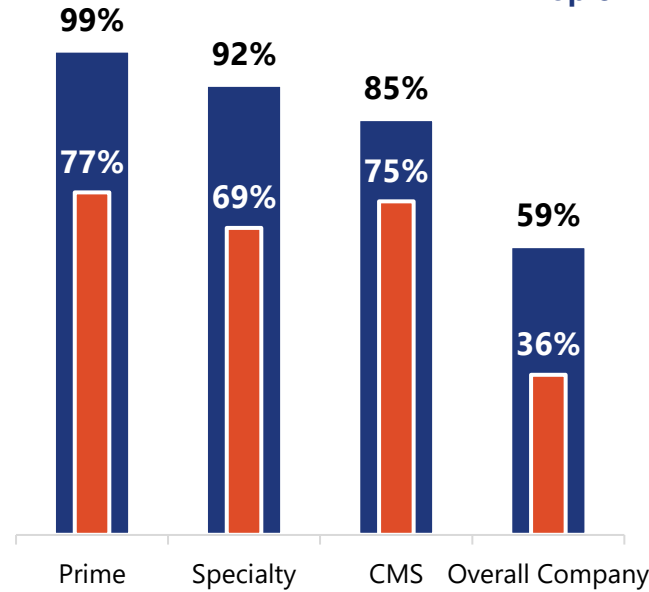
- Steady shift from low margin Prime to high margin Specialty and CMS segments
- CMS business caters to Innovator customers on an exclusive basis, developing and manufacturing APIs/Intermediates in line with rigorous customer expectations hence is highly concentrated in terms of customers
- Specialty segment works on complex products and technologies, hence has a focused approach towards select customers

Key Operating Metrics FY23

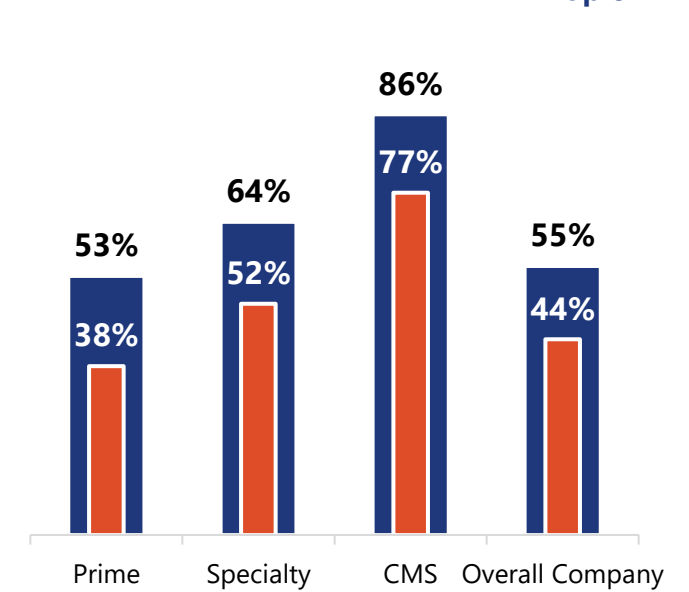
Segment Revenue ■ Prime ■ Speciality ■ CMS ■ Others



Top 10 & Top 5 Products ■ Top 10 ■ Top 5



Top 10 & Top 5 Customers ■ Top 10 ■ Top 5

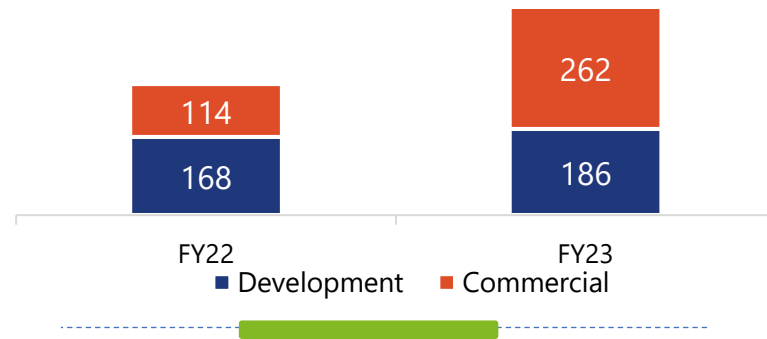


- Steady shift from low margin Prime to high margin Specialty and CMS segments
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CMS – Revenue Split & Number of Active Projects

Rs. Cr

YoY Movement



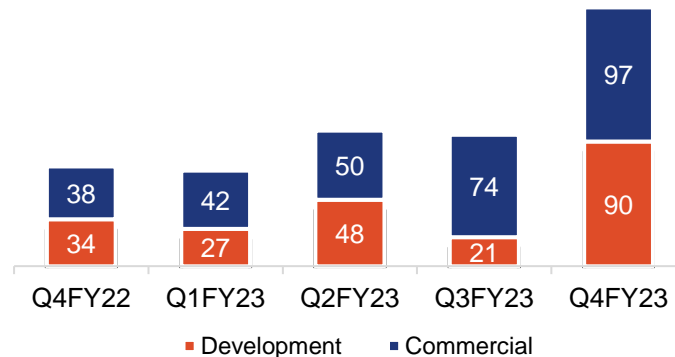
No. of active CMS projects

Q4 FY23	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Total
API	15	5	7	4	8	9	48
Intermediate	10	4	4	2	7	12	39
Grand Total	25	9	11	6	15	21	87

Q4 FY22	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Total
API	14	3	7	7	8	8	47
Intermediate	7	5	2	0	8	12	34
Grand Total	21	8	9	7	16	20	81

Rs. Cr

QoQ Movement



Q4 FY21	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Total
API	15	3	7	3	12	6	46
Intermediate	7	4	2	0	8	11	32
Grand Total	22	7	9	3	20	17	78

Q4 FY20	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	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

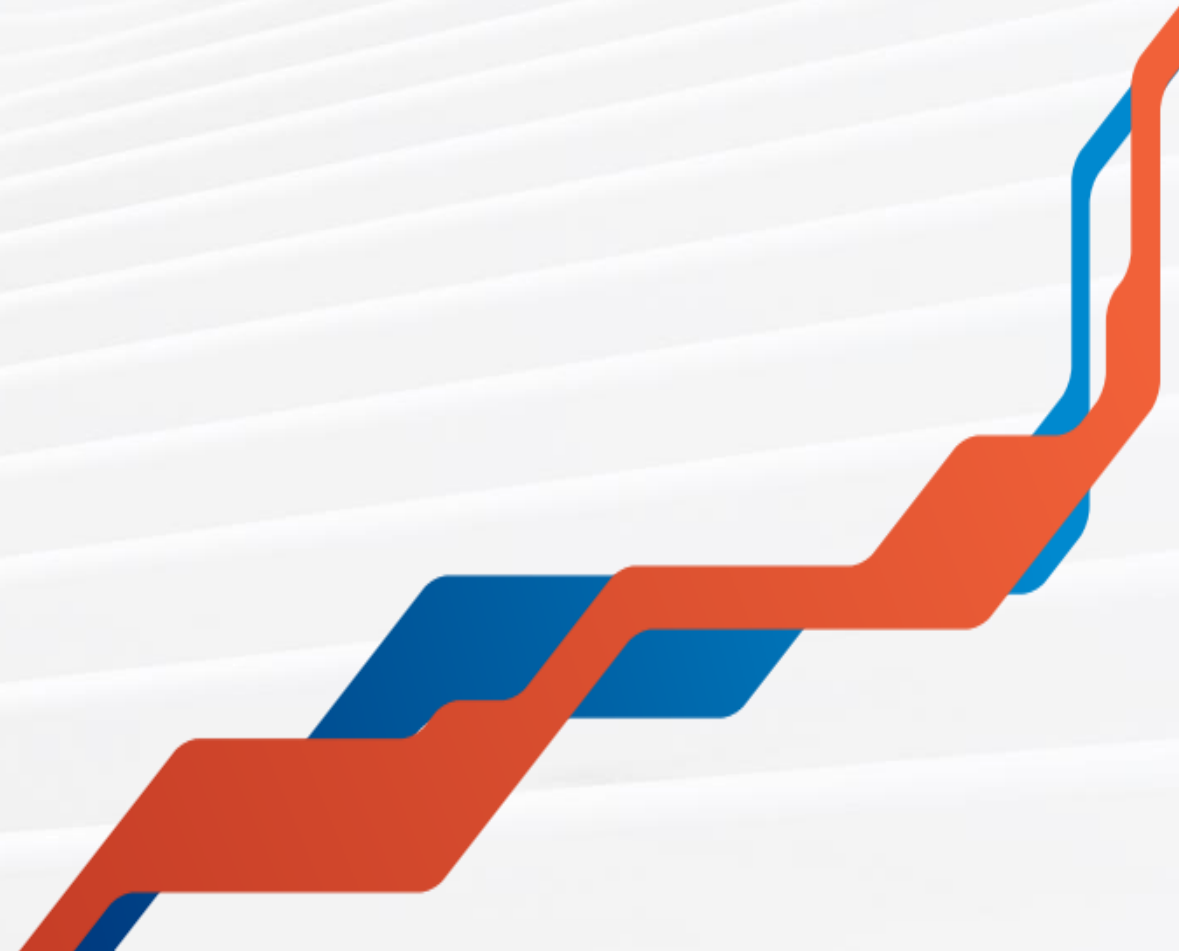
- Pre-clinical to P-3: Neuland generates revenue by process research & development as well manufacturing quantities for clinical trials
- Development: Projects where the NDA is filed or where the molecule is approved while Neuland is being added as a source
- Commercial: Neuland generates revenues by manufacturing APIs for commercial novel molecules for innovators
- Steady trend in molecules transitioning from development stage to commercialisation resulting in increase in revenue from commercial products



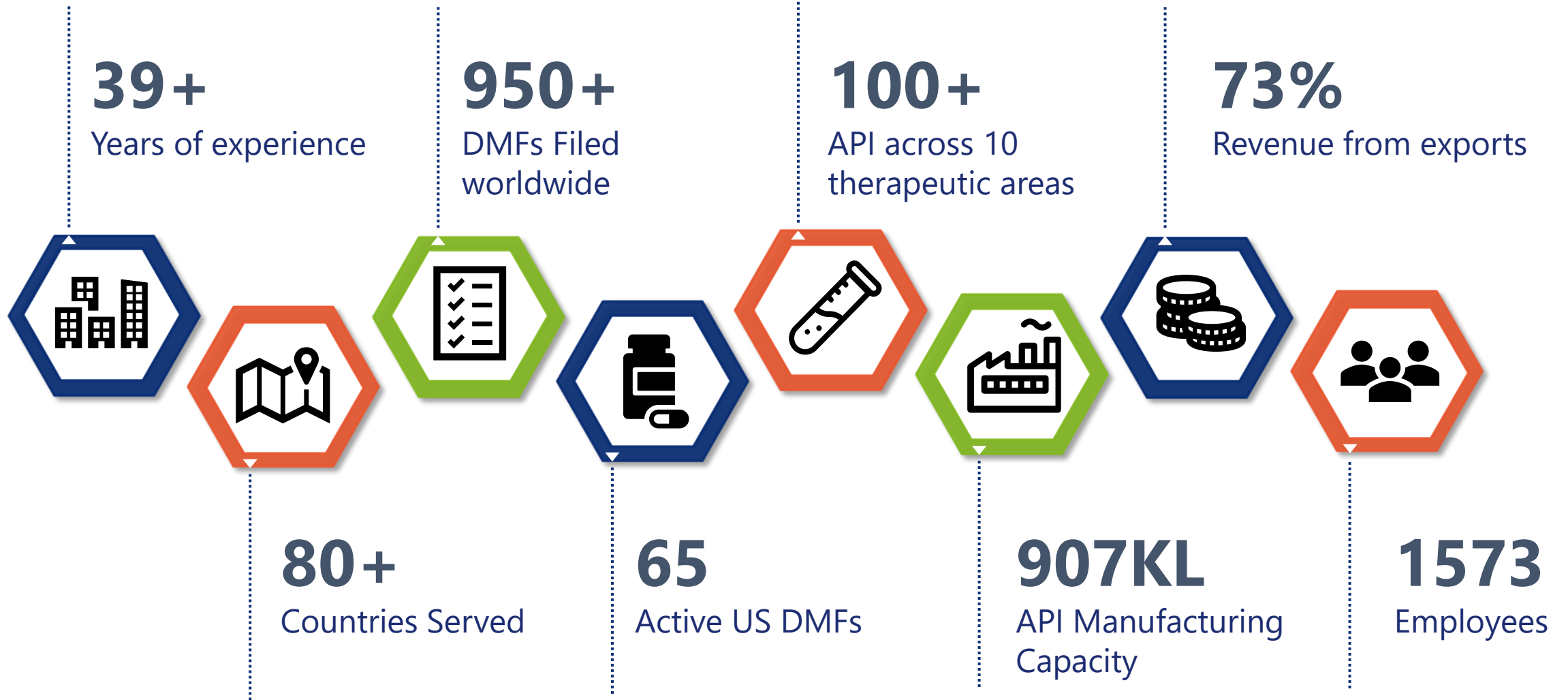
**Company
overview**



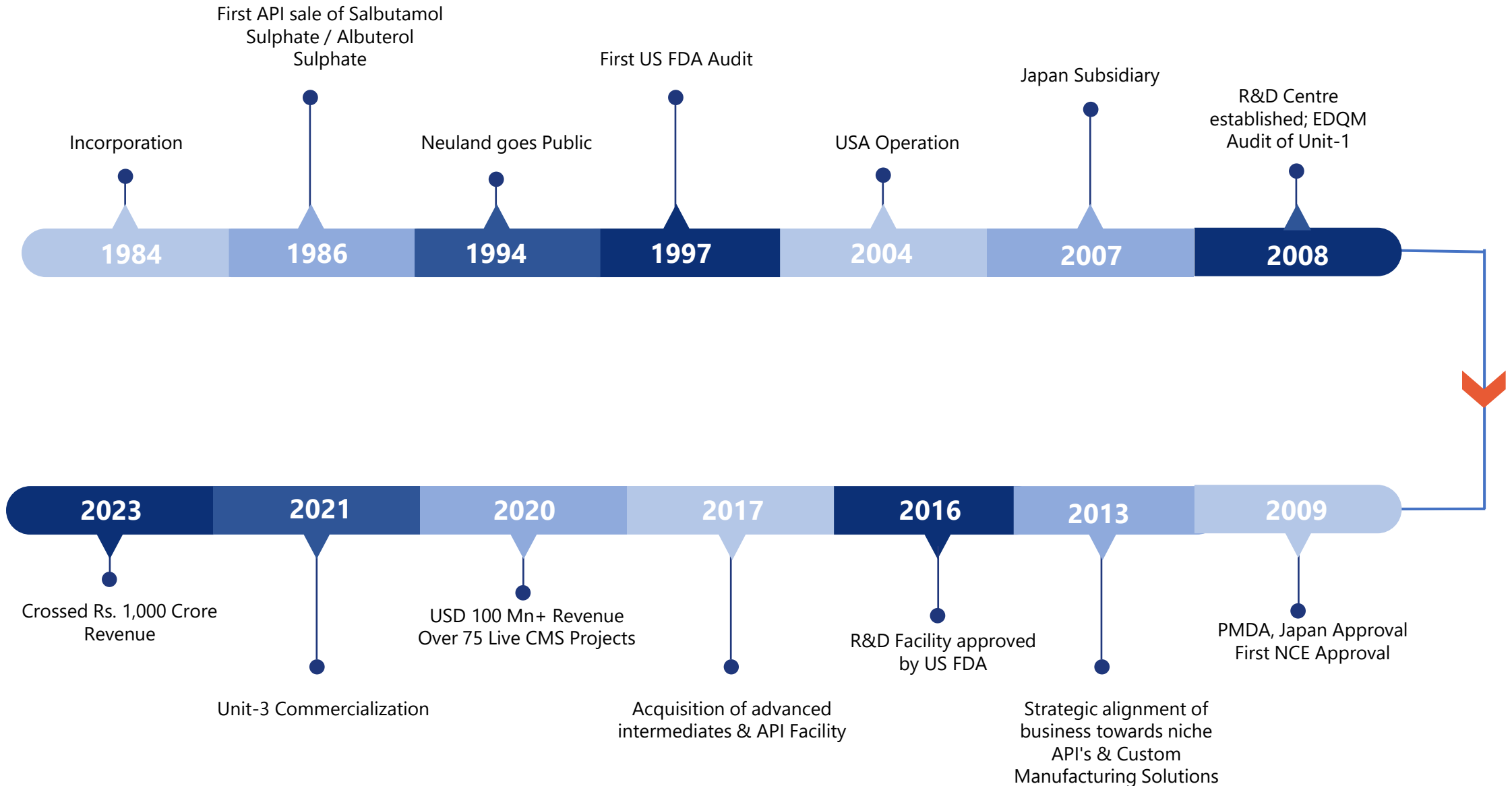
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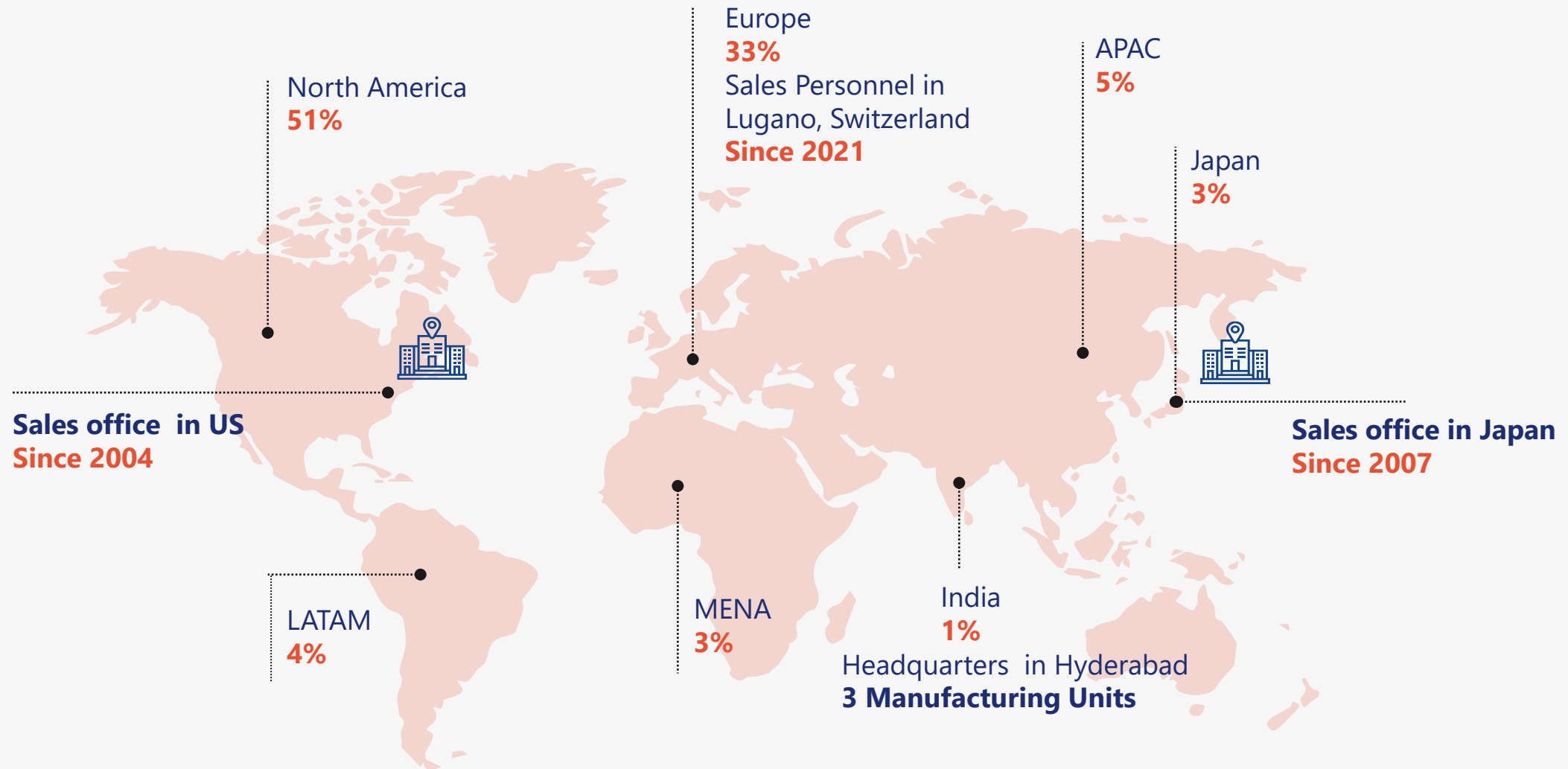
Key Facts



How We Got Here: Key Milestones






Our Reach



Manufacturing and development partner to customers in over 80 countries globally

Manufacturing Capabilities

	Established	Hydrogenation Reaction Volume	Solvent Recovery System	Cryogenic Reaction Volume	Regulatory	Total Reactor Volume
 Unit-1	1986	7.4KL	100KLD	25KL	USFDA, EDQM, CFDA, PMDA, et. al	233 KL
 Unit-2	1994	6 KL	20KLD	15 KL	USFDA, EDQM, PMDA, ANVISA et. al	363 KL
 Unit-3	2017 (Acquired)	Facility creation under process	50KLD	15KL	Desktop Inspection by USFDA in 2020; ANVISA	305 KL

Priorities

- ▶ Modernizing and automation of overall operations
- ▶ Focus on adding capabilities and capacities
- ▶ Maintaining the leadership position in key molecules

Focused R&D Framework

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
- ▶ R&D team of 345 People



R&D Facility, Hyderabad

USFDA inspected Neuland's R&D facility in February 2016 without any observations

Significant R&D Achievements

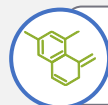
- ▶ Several NCE APIs added in NDA or commercial stage drugs
- ▶ Support for multiple APIs each year in Phase 2 and Phase 3 clinical candidates
- ▶ Generic API business -
 - ✓ 900+ DMFs filed
 - ✓ 300+ API processes developed
 - ✓ 204+ patents filed. Received USPTO patent for improved process synthesis of Paliperidone Palmitate
- ▶ 3 new DMFs filed in FY23



Analytical Capabilities



Method Development for complex molecules



Synthesis and characterization of impurities



Genotoxic impurity assessment and Method Development



Stability chambers installed



Complete analytical validation package (as per ICH guidelines)



Reference standard qualification



Study of Solid-state properties



Salt screening and optimization

Priorities

- ▶ Focus on quality enhancement and training for enhancement of technical skills
- ▶ Emphasis on complex molecules involving advanced chemistry, automation, upgradation of testing equipment, and complementary new technologies
- ▶ Consistent investments in Quality by Design (QBD) labs and process engineering

Regulatory Filings across geographies



65 DMFs with USFDA



31 Filings with Health Canada



10 Japanese DMF filed



20 China DMF filed



256 ROW filings including Turkey, Mexico, Brazil etc



~499 EUDMF filings across Germany, France, Poland, Italy etc



28 CEPs Received for different products



19 filings with KFDA Korea



26 filings with TGA

950+ 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

Financial Highlights FY2014-2023

Rs. Cr

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Total Income	469.1	469.9	519.3	582.3	533.7	670.3	766.6	953.0	953.2	1,200.9
EBITDA	74.0	67.4	89.7	97.6	56.3	61.4	105.3	162.5	144.3	281.1
<i>EBITDA Margin</i>	<i>15.8%</i>	<i>14.3%</i>	<i>17.3%</i>	<i>16.8%</i>	<i>10.6%</i>	<i>9.2%</i>	<i>13.7%</i>	<i>17.1%</i>	<i>15.1%</i>	<i>23.4%</i>
PAT	26.6	15.9	34.8	41.4	13.6	16.1	15.9	80.3	63.5	163.1
<i>PAT Margin</i>	<i>5.7%</i>	<i>3.4%</i>	<i>6.7%</i>	<i>7.1%</i>	<i>2.5%</i>	<i>2.4%</i>	<i>2.1%</i>	<i>8.4%</i>	<i>6.7%</i>	<i>13.6%</i>
EPS	32.3	18.5	30.8	36.9	10.6	12.8	12.4	62.6	49.5	127.1
Current Ratio (x)	0.9	1.1	1.2	1.2	1.2	1.4	1.4	1.5	1.6	1.7
ROCE (%)	18.8%	15.7%	18.4%	15.9%	5.0%	4.7%	8.9%	13.5%	9.7%	21.3%
Fixed Asset Turnover (x)	3.6	3.8	3.7	3.8	3.2	2.9	2.3	2.4	2.1	2.7
Debt to Equity (x)	1.4	1.1	0.9	0.9	0.5	0.3	0.4	0.2	0.2	0.1

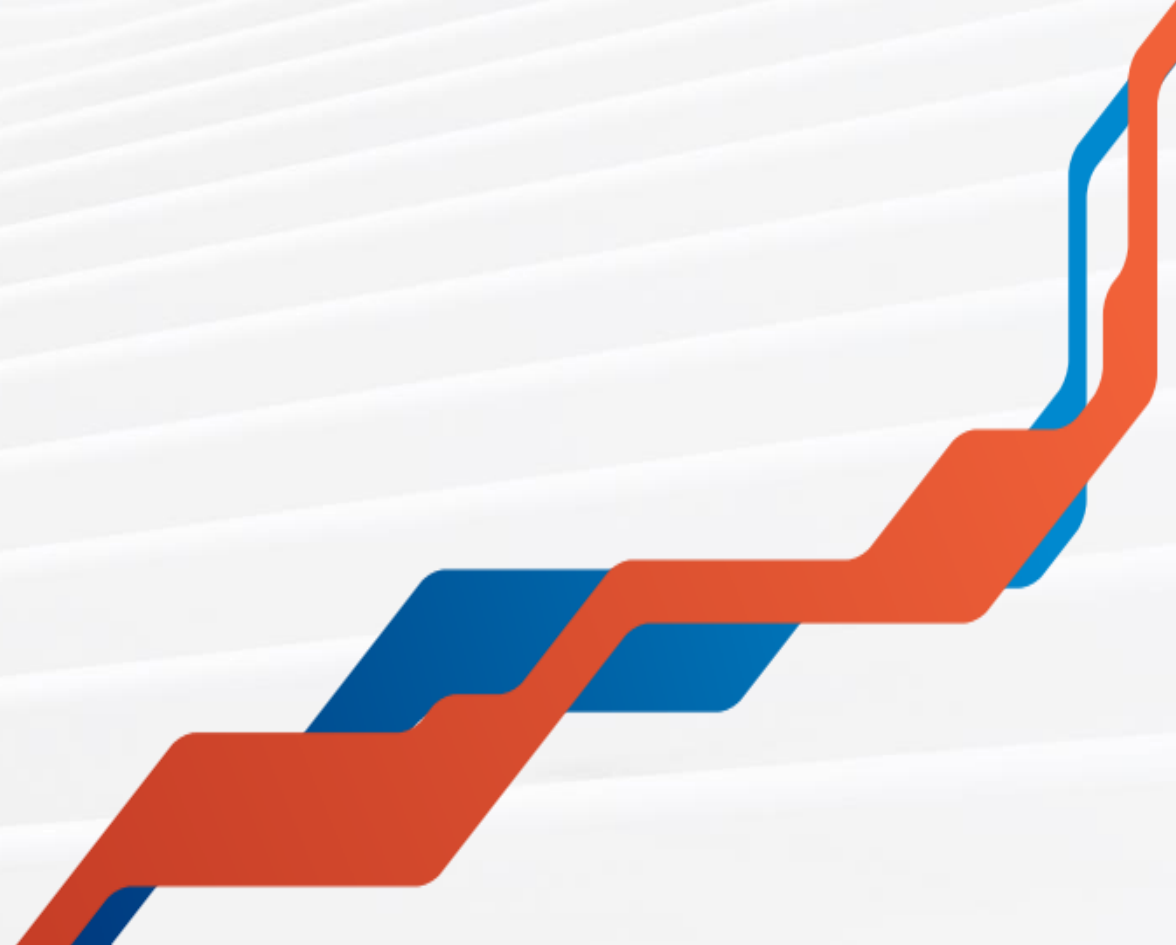
- Revenue was impacted in FY2018 as a result of mismatch in capacity vs orders. EBITDA margins in FY19 & FY20 were impacted as a result of spike in RM prices, which led Neuland to actively work towards Supply chain de-risking before the COVID19 pandemic
- ROCE was impacted by due to acquisition of unit III in FY2018 which was commercialized in FY2021. Unit 3 utilisation levels have recently started ramping up and momentum is expected to continue



**Business
Strategy**



3



Neuland Strategy Framework – Strategic Priorities

Strategic Priority – I

Build deep competency (through organic & inorganic means) in complementary new technologies like bio-catalysis, flow chemistry, and physical properties, that are valued by our target customers and differentiated from competitors.



Strategic Priority – IV

Digitize Planning to Delivery processes (like Rolling Plan & Inventory), Financial processes (like Payables, Receivables, Cashflow), Customer servicing processes and build company-wide dashboard providing shared, real-time, granular data and analytics to create shared context across functions and improve the quality and speed of decisions at every level in the organization.



Strategic Priority – II

Optimize manufacturing capacity for agility, including flexible response to customer needs, multi-product production, and reserve capacity to respond quickly to customer needs.



Strategic Priority – V

Enable employee readiness to deliver on strategic business priorities.



Strategic Priorities

Strategic Priority – III

Building Project & Client management capabilities which are transparent, flexible, focused on collaboration and constant customer feedback.



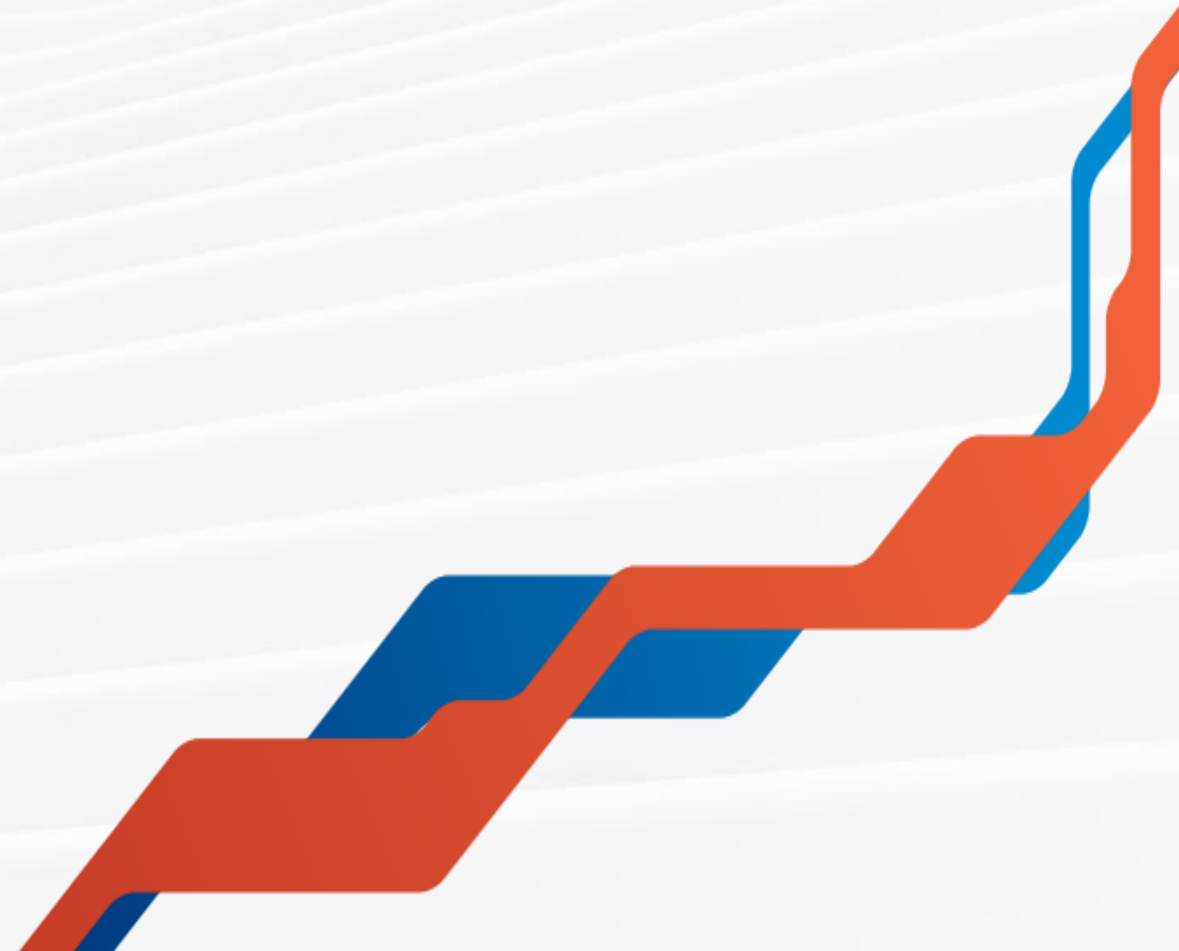
Strategic Priority – VI

GDS business focused on Quality-conscious customers and Pipeline Products differentiated on technology.





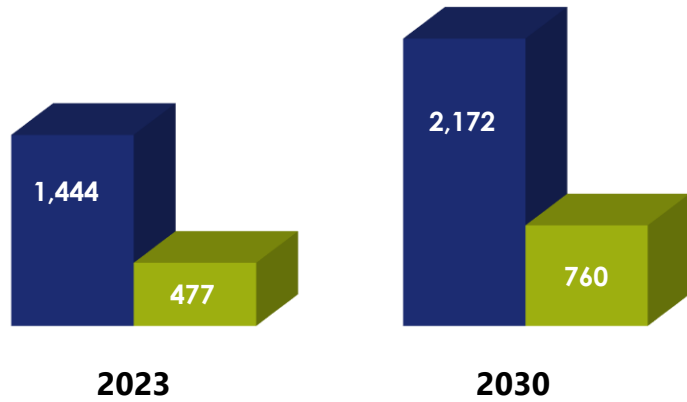
GDS Strategy



Global Outlook of Pharmaceutical Industry

■ Global Pharmaceuticals ■ Global Generic Drugs

MARKET SIZE (\$ Bn)



The GLOBAL PHARMACEUTICALS MARKET SIZE is expected to grow from \$1,444 Billion in 2023 to \$2,172 Billion in 2030 at a CAGR of 6%

The GLOBAL MARKET FOR GENERIC DRUGS estimated at \$477 Billion in 2023, is projected to reach a revised size of \$760 Billion by 2030, growing at a CAGR of 7.1%

FY24

Global Generics API Market Size

\$70 Bn

GDS Portfolio Market Size

\$4,769 Mn

FY30

Global Generics API Market Size

\$115 Bn

GDS Portfolio Market Size

\$8,942 Mn



1. Maximizing Current Portfolio

- Increase wallet share from existing customers
- Focus on regulated markets/ quality conscious customers
- Early identification for primary sourcing opportunities
- Exploring the additional opportunities from Line extension in terms of new dosage forms and indications
- Focus on customers with backward integration to convert them into alternate sourcing opportunities



2. Growing Pipeline

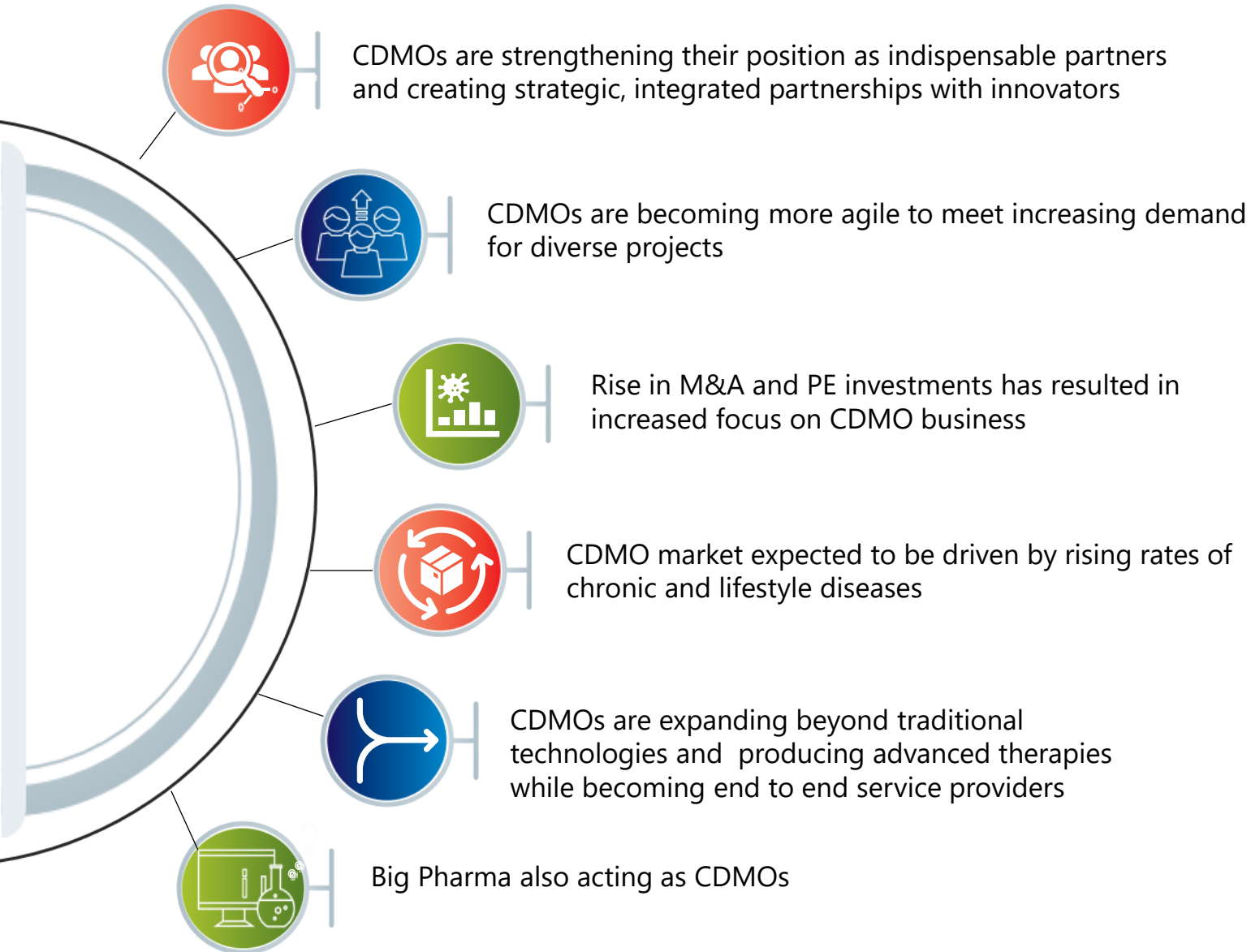
- Commercialization of pipeline molecules through New leads identification and conversion
- Aim for first sourcing and NCE-1 opportunities
- Investment in new areas
- Explore collaboration opportunities with dossier development companies
- Filing DMFs for peptides



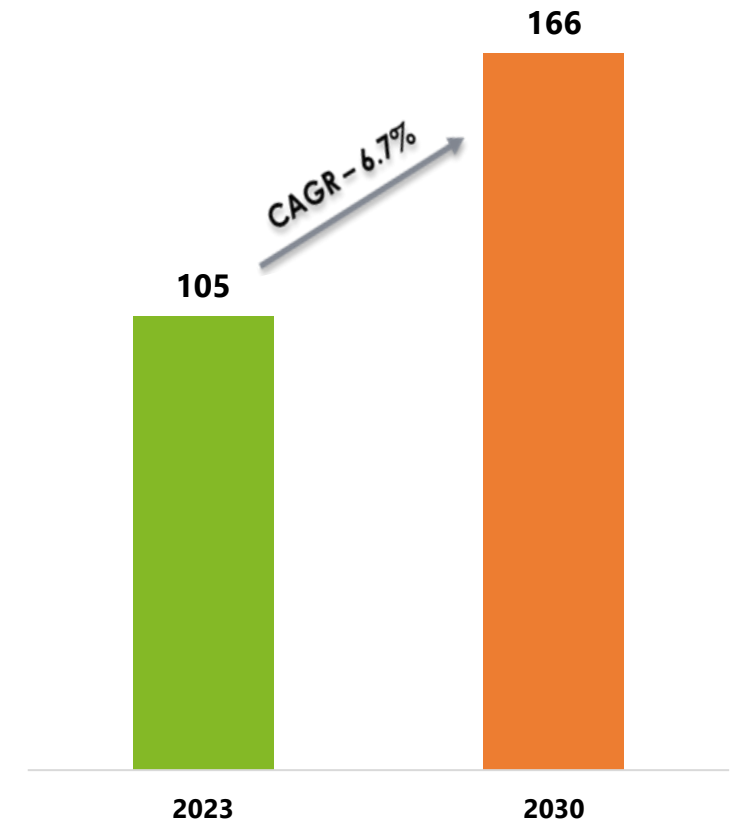
CMS Strategy



Global Outlook of CDMO Industry

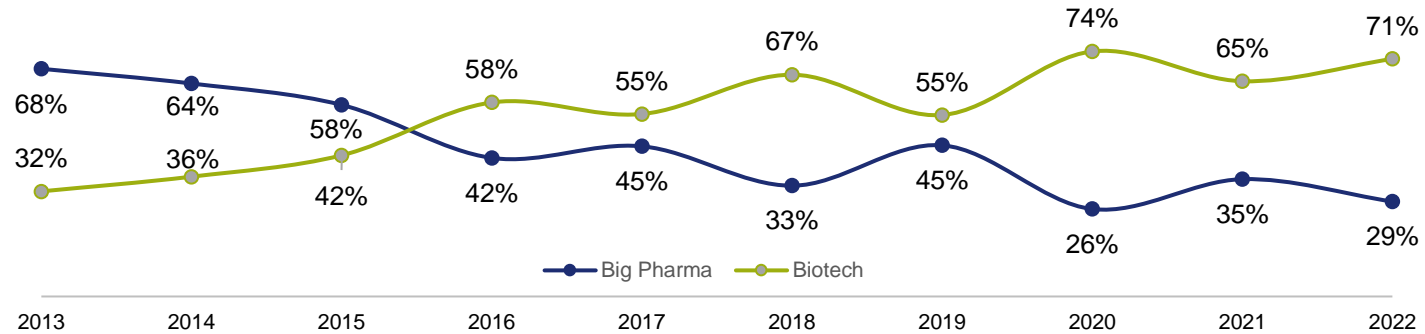


API CDMO Market Size (\$Bn)



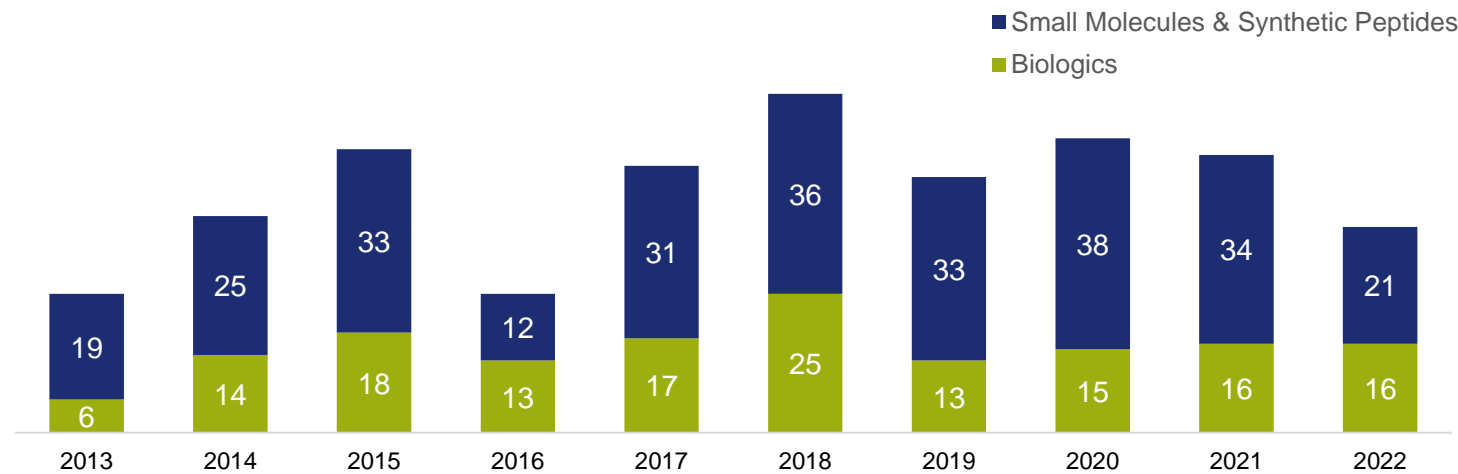
Big Pharma vs Biotech Drug Approval Trend

Small Molecules & Synthetic Peptides Approvals

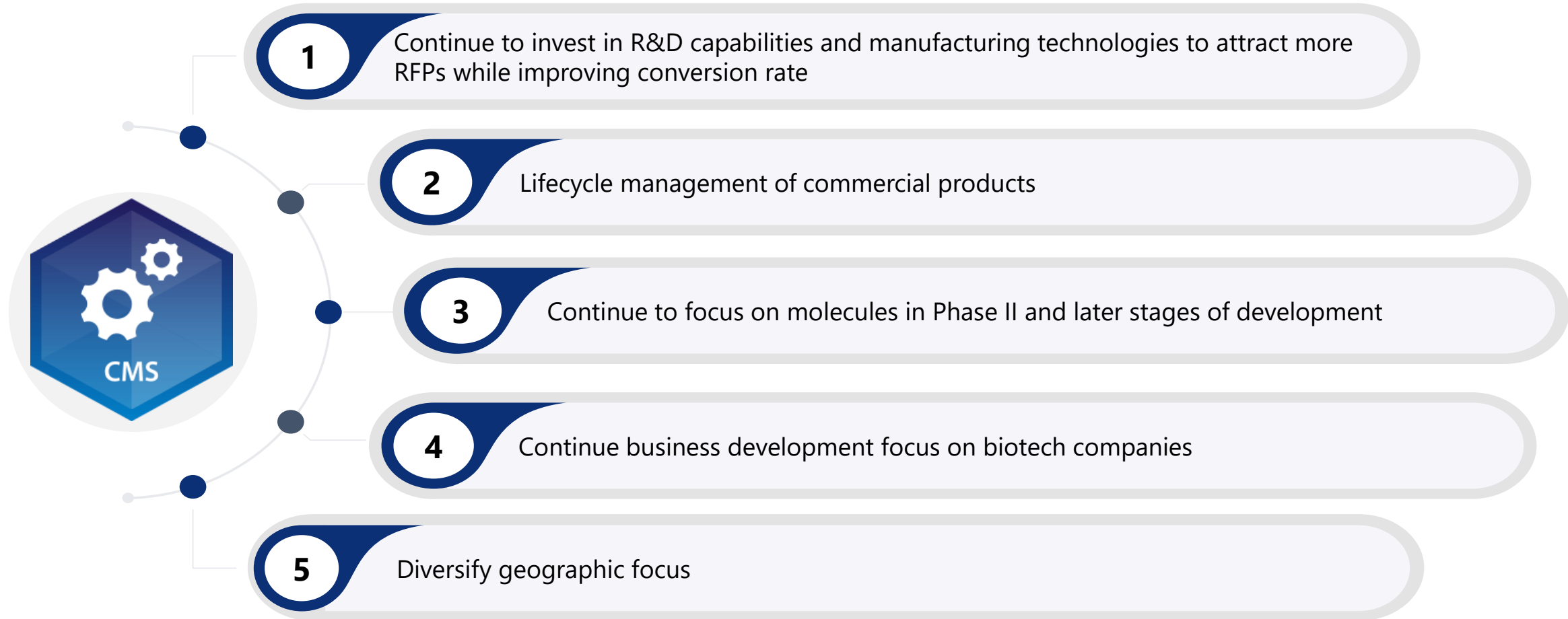


Biotech companies are more aggressive in focusing on small molecules, hence they have a higher approval rate compared to Big Pharma companies, which are continuing to focus on biologics

Approvals of Small Molecules & Synthetic Peptides Vs Biologics (#)



Small molecules had higher number of approvals compared to Biologics





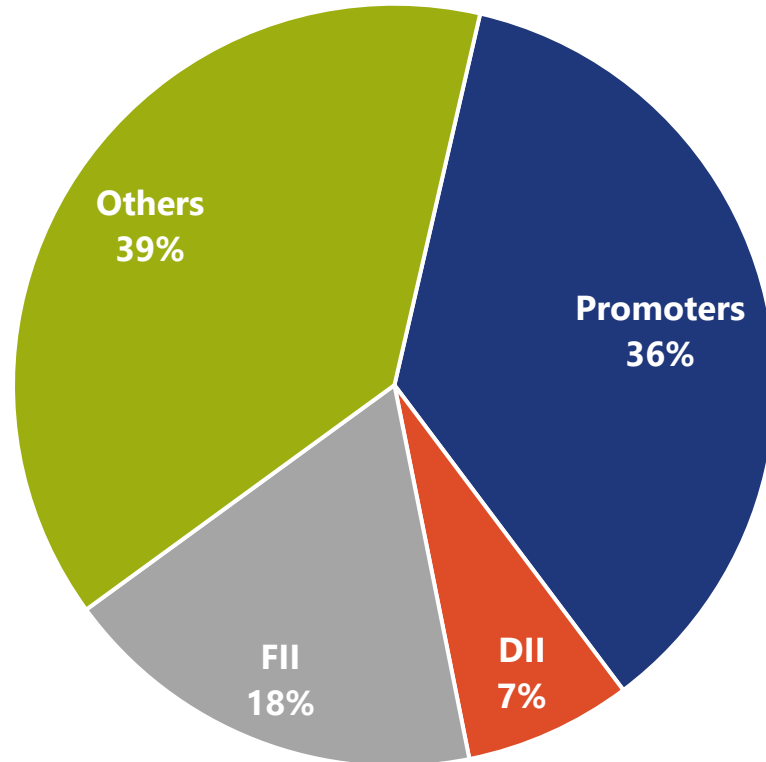
**Shareholder
Information**



4



Shareholding Details



Share Information (as on 31st March 2023)

NSE Ticker	NEULANLAB
BSE Ticker	524558
Market Cap (Rs. Cr)	2,309
% free-float	63.86%
Free-float market cap (Rs. Cr)	1,474
Shares Outstanding	1,28,29,889
3M Average Daily Traded Volume (ADTV) (Shares)*	45,918
3M Average Daily Traded Value (In Rs. Cr)*	7.56
Industry	Pharmaceuticals

* Source: BSE & NSE



Annexure



5



Profit & Loss Snapshot (Standalone)

Value (In Cr)	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	FY23	FY22	YoY (%)
Total Income	415.1	256.5	61.8%	270.2	53.7%	1200.9	953.2	26.0%
EBITDA	127.8	39.3	224.8%	54.9	132.9%	281.1	144.3	94.8%
EBITDA Margin	30.8%	15.3%	1550 bps	20.3%	1050 bps	23.4%	15.1%	830 bps
Profit Before Tax	110.0	24.1	356.1%	38.8	183.6%	215.2	81.7	163.3%
PBT Margin	26.5%	9.4%	1710 bps	14.4%	1210 bps	17.9%	8.6%	930 bps
Profit After Tax	84.5	21.8	287.2%	30.4	177.7%	163.1	63.5	156.7%
PAT Margin	20.4%	8.5%	1190 bps	11.3%	910 bps	13.6%	6.7%	690 bps
EPS (Rs.)	65.9	17.0	287.2%	23.7	177.7%	127.1	49.5	156.7%

Sustainability Framework

Building a Low carbon economy through innovation, resource optimisation, operational efficiencies and environment management

Empowering our people and communities by making health and safety an integral part of everyday business and culture

Contributing to the sustainable development of communities through engagement, partnerships and initiatives that make a lasting positive impact



Glossary

Term	Description
Active Pharmaceutical Ingredient (API)	Any substance that is intended for incorporation into a finished drug product and is intended to furnish pharmacological activity or other direct effect in the diagnosis, cure, mitigation, treatment, or prevention of disease, or to affect the structure or any function of the body
Biologic	Biologics can be composed of sugars, proteins, or nucleic acids or complex combinations of these substances, or may be living entities such as cells and tissues.
Commercial molecules	Molecules where Neuland is manufacturing for commercial use after the product has been approved
Custom Manufacturing Solutions (CMS)/ Contract Development and Manufacturing Organization (CDMO)	Develop and manufacture pharmaceutical ingredients and intermediates in line with customer expectations.
Development Molecules	Projects where the NDA is filed or where the molecule is approved while Neuland is being added as a source
DMF	A Drug Master File (DMF) is a submission to the Food and Drug Administration (FDA) that may be used to provide confidential detailed information about facilities, processes, or articles used in the manufacturing, processing, packaging, and storing of one or more human drugs
GDS	Generic Drug Substance (GDS) segment which includes Prime products and Specialty products
International Council for Harmonisation (ICH) Guidelines	Harmonisation project involving regulatory authorities and pharmaceutical industry to improve efficiency of new drug development and registration processes
New Chemical Entity (NCE)	NCE is granted to “a drug that contains no active moiety that has been approved by FDA in any other application”
Peptides	Peptides are sequences of molecules called amino acids. Peptides of precise sequences may occur naturally in the body, but they may also be produced synthetically or using recombinant DNA technology in bacteria and other living systems. These molecules are used to treat a variety of diseases

Term	Description
Pipeline drugs	Drugs (small or large molecule) under development by a manufacturer
Prime APIs	The prime products which typically include mature APIs with relatively higher competition in API space have historically contributed more than 70% of the total business.
Specialty/ Niche APIs	Molecules in the API space which are complex in nature and are in the nature of ‘high value’ added products and Neuland’s focus has been to develop these molecules from laboratory scale to large commercial quantities
Preclinical study	Preclinical studies take place in animals before any testing in humans is done.
Phase I clinical trial	Researchers test an experimental drug or treatment in a small group of people for the first time.
Phase II clinical trial	The experimental drug or treatment is given to a larger group of people to see if it is effective and to further evaluate its safety.
Phase III clinical trial	The experimental study drug or treatment is given to large groups of people. Researchers confirm its effectiveness, monitor side effects, compare it to commonly used treatments, and collect information that will allow the experimental drug or treatment to be used safely.
Small molecule products	A drug that can enter cells easily because it has a low molecular weight. Once inside the cells, it can affect other molecules, such as proteins, and may cause cancer cells to die. This is different from drugs that have a large molecular weight, which keeps them from getting inside cells easily. Many targeted therapies are small-molecule drugs
USFDA	The US Food and Drug Administration is responsible for protecting the public health by ensuring the safety, efficacy, and security of drugs, biological products, and medical devices

For over 39 Years, Neuland Laboratories Ltd. (BSE:524558, NSE: NEULANLAB) 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 100 APIs and has filed over 950+ 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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