

A decorative header section consisting of a solid orange square on the left, a solid dark blue rectangle to its right, and a solid lime green square below the orange one. To the right of the green square is a large light gray rectangle containing the company name and tagline.

NEULAND

WHERE OPPORTUNITY BECOMES REALITY

Investor Presentation | September 2015

BSE CODE : 524558 | NSE SYMBOL : NEULANLAB | 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.



Company Information

Company Overview



30+

Years of
excellence



75+

Products
developed



78

Mn USD
Revenue for
FY 15



80+

Countries of
business



400+

Regulatory
Filings

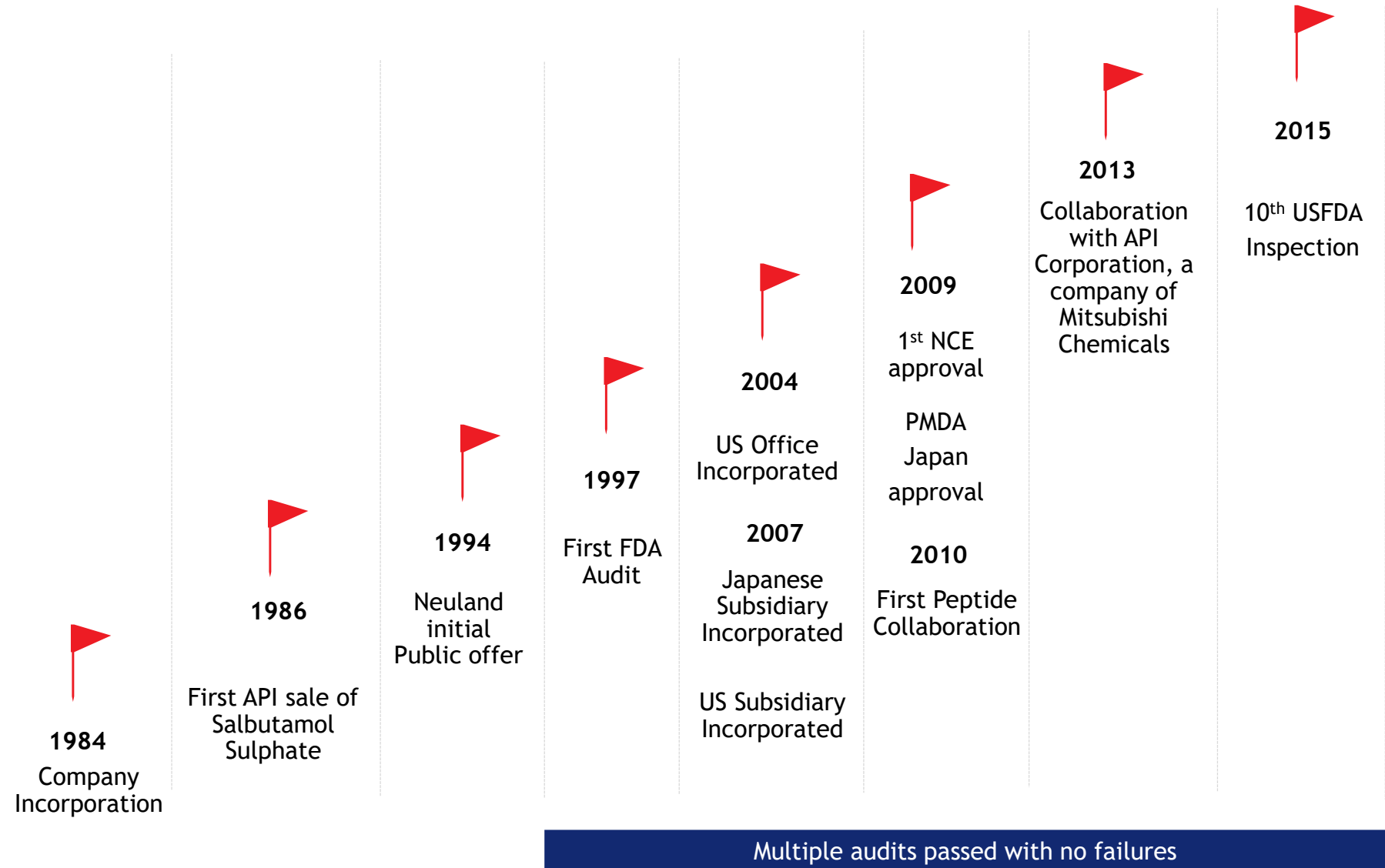


1000+

Experienced
professionals
including
scientists

- Headquartered in Hyderabad, India with two overseas subsidiaries in USA and Japan
- Two Business verticals : APIs and Custom Manufacturing Solutions(CMS)
- Two manufacturing facilities with collective capacity of 480 KL
- One ~3400sqm Research and development center with 180+ scientists and 60 hoods, as part of Neuland Pharma Research Pvt. Limited, an affiliate of Neuland Laboratories Limited
- Presence in 10 diverse therapeutic categories including cardiovascular ,central nervous systems , anti-infectives, anti-asthmatics , anti-fungal , anti-ulcerants and anti-spasmodic
- Over 75% in revenues(FY15) by exports and regulated markets contributing bulk of it

Our Growth Story



Board and Key Management



Dr. D. R. Rao
**Chairman and Managing
Director & Promoter**

M.Sc. from Andhra University, Post Graduate Diploma in Technology - IIT Kharagpur
Ph.D. in Organic Chemistry -University of Notre Dame, U.S.A.
Has held senior positions in R & D, production and quality assurance at Glaxo India
Member of Royal Society of Chemistry

Mechanical Engineer
MBA in Corporate Finance - University of Notre Dame, U.S.A.
Earlier Production Group Leader in Cummins Inc. U.S.A.

D Sucheth Rao
**Whole Time Director
and CEO**



D Saharsh Rao
**Whole Time Director
and President**

Engineering Graduate
Masters in MIS - Weatherhead School of Management, Cleveland, OH, U.S.A.
MBA - University of North Carolina, U.S.A.

Managing Director and Executive Vice-Chairman at Glaxo India
Ex-President of Organization of Pharmaceutical Production of India

Humayun Dhanrajgir
Independent Director



Board and Key Management



**Dr. Christopher M.
Cimarusti**
Non-Executive Director

Ph.D. in Organic Chemistry - Purdue University, U.S.A.
Post Doctoral Research - Columbia University, U.S.A.
Former Sr. Vice President, Pharmaceutical Development - Bristol-Myers Squibb

Professor of International Management, Fuqua School of Business,
Duke University, Durham, NC, USA. On the editorial board of several
management journals.

Dr. Will Mitchel
Independent Director



P V Maiya
Independent Director

Helped set up ICICI Bank and retired as its Chairman & CEO
Managing Director at Central Depository Services (India) Limited

Deputy Managing Director of SBI. Presently on the Boards of various companies,
including SBI Capital Markets Ltd., SBI Global Factors Ltd., Tata Teleservices Ltd.,
Delphi-TVS Diesel Systems Ltd. and Vijaya Bank.

Bharati Rao
Independent Director

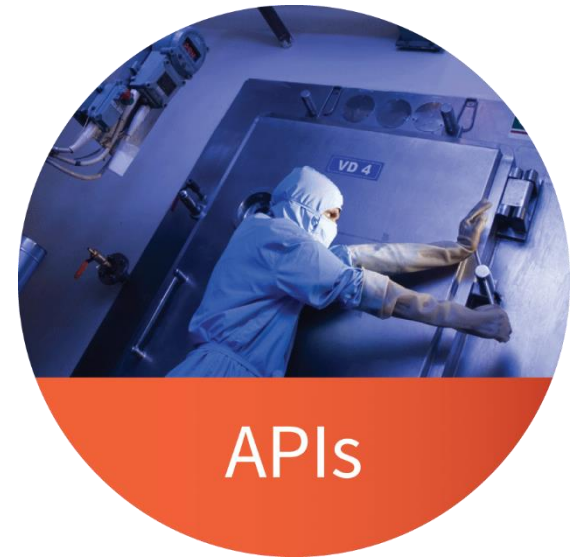


Dr. Nirmala Murthy
Independent Director

Masters degree in statistics from Bombay University and a doctorate from the
Harvard School of Public Health, Boston, USA
Founder President of the Foundation for Research in Health System, a non-
government research organization

Our Strength

- Preferred and reliable source of Active Pharmaceutical Ingredients (APIs) manufacturing, marketing and supply for several leading pharmaceutical companies worldwide
- **Features:**
 - 2 US FDA and EU GMP compliant manufacturing facilities
 - Collective capacity: 480KL
 - 75 APIs across 10 diverse therapeutic areas
 - Worldwide customer base in 80+ Countries
- **Process Investigation Department (PID)** majorly helps our customers to meet their price pressures by way of cutting their total cost of ownership in developing an API thereby achieving excellence in Process development



Our Strength



Our Custom Manufacturing Solutions (CMS) derives from its proven expertise in manufacturing at varied scales, a deep understanding of complex chemistry and manufacturing facilities compliant with the guidelines of the leading regulatory authorities and EHS.

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

Manufacturing Base

Bonthapally, Hyderabad



Pashamylaram, Hyderabad



Establishment

- Started operations in 1986

- Started operations in 1994

Size and capacity

- Built up area of 45,325 sq mtr.
- Plant capacity : 175.47 KL

- Built up area of 36,800 sq mtr.
- Plant capacity : 300.10 KL

Key Products

- Ramipril
- Mirtazapine
- Enalapril maleate
- Sotalol Hcl
- Levetiracetam
- Levofloxacin
- Olanzapine
- Salmeterol
- Salbutamol
- NCE APIs
- Peptide APIs
- Vitamin D2 analogues

- Ciprofloxacin Hcl
- Ranitidine
- Entacapone
- Prostaglandins
- NCE APIs
- Intermediates & RSMs

Other Operational Details

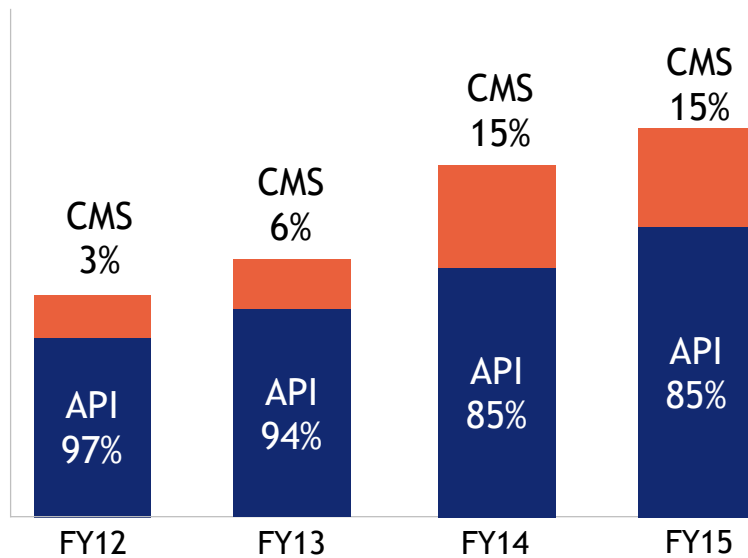
- Employee strength: 399
- US FDA, EDQM & PMDA approved plant

- Employee strength: 321
- US FDA & PMDA approved plant

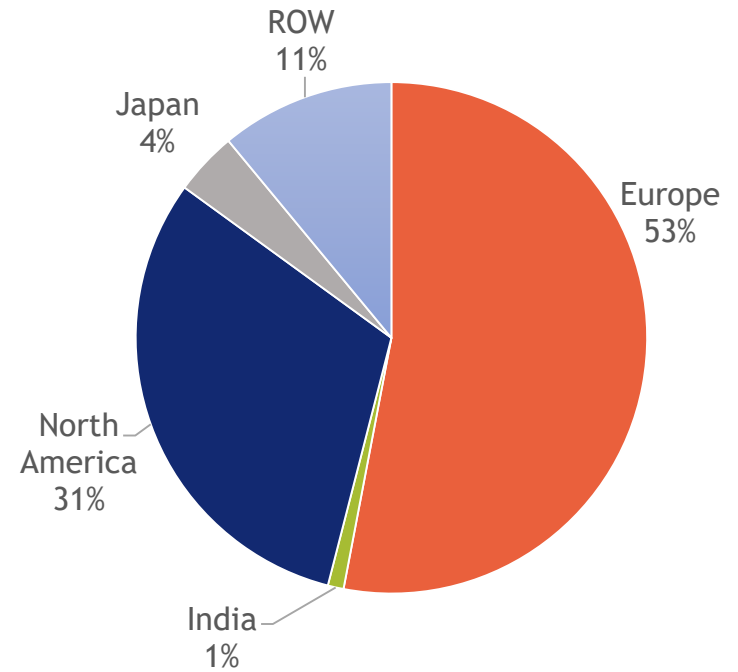


Business Mix

% Revenue by Verticals



% Revenue by Territory*



*-Rounded off, based on end market reach

R&D Infrastructure

R&D Facility, Hyderabad*



Establishment

- Started operations in 2008

Size and capacity

- Built up area of 3382.5 sq mtr.

Key Products/ Activities

- Process Investigation
- New Products Development
- Peptides
- Contract Research and Manufacturing Services

Other Operational Details

- Employee strength: 196
- 11 Development Labs
- 60 Fume hoods

Infrastructure:

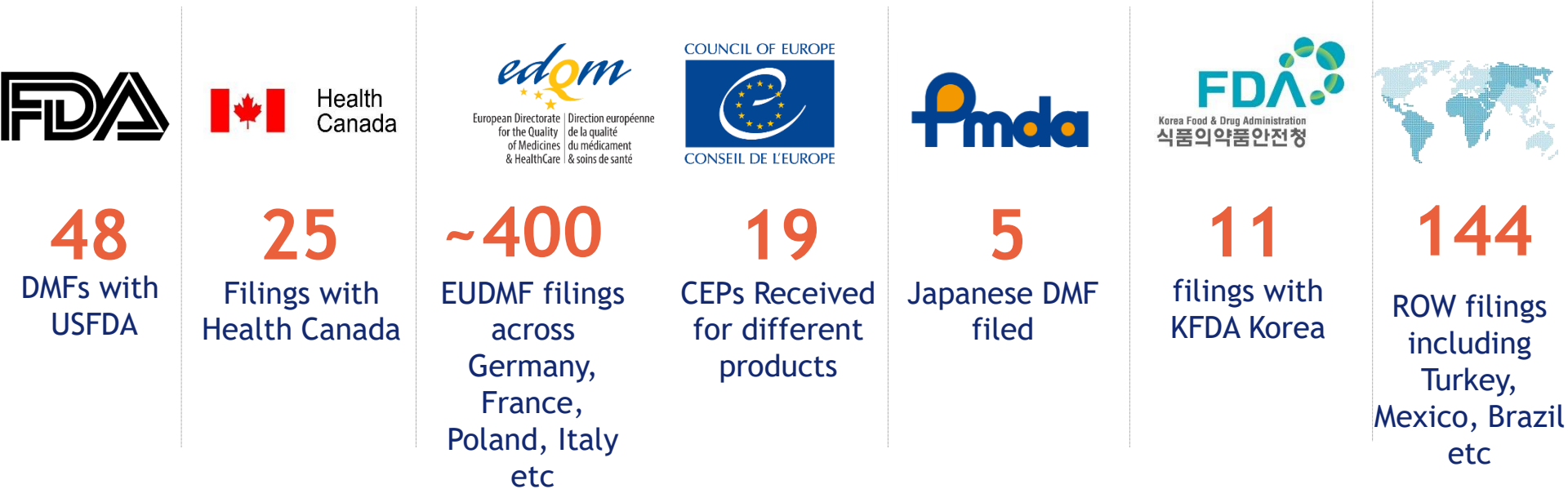
- 11 Development Labs
- 60 Fume hoods
- Analytical Lab
- Kilo Lab dedicated for Scale up
- Dedicated Labs for Peptides
- Separate facility for D2 analogues

Significant R&D Achievements:

- Added several NCE APIs in NDA or commercial stage drugs
- Supported for several APIs each year in Phase 2 and Phase 3 clinical candidates
- 600+ DMFs filed as part of generic API business
- 300+ Processes developed for API
- 50+ Patents filed
- APIs spread across 10 diverse Therapeutic Segments

*Facility belongs to NPRPL, an affiliate of Neuland Laboratories Ltd.

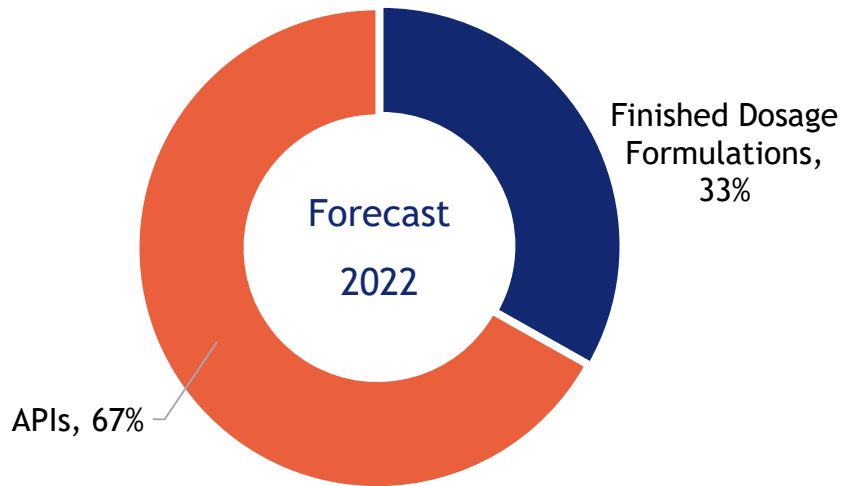
Regulatory Filings and IPR



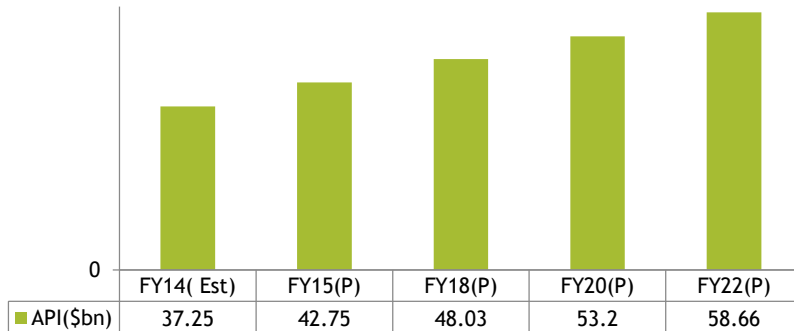
- ~650 filings world over
- 10 DMFs in pipeline for FY16
- Plan to file 10-12 DMFs year on year

Industry structure and key drivers

API Industry's Share in Global Contract Manufacturing Industry



Market Projections through 2022- Global API Industry



Key Drivers

- Increased demand for biopharmaceutical manufacturing services
- Complex and potent drug development will lead to higher demand of High Potency Active Pharmaceutical Ingredients which command a higher price
- Reformulation of drugs nearing patent expiry and for companies looking to differentiate commoditised products
- The pharmaceutical industry is keen to cut spending in many areas, including drug production
- Pharmaceutical companies will look to take advantage of low cost manufacturing opportunities available in India

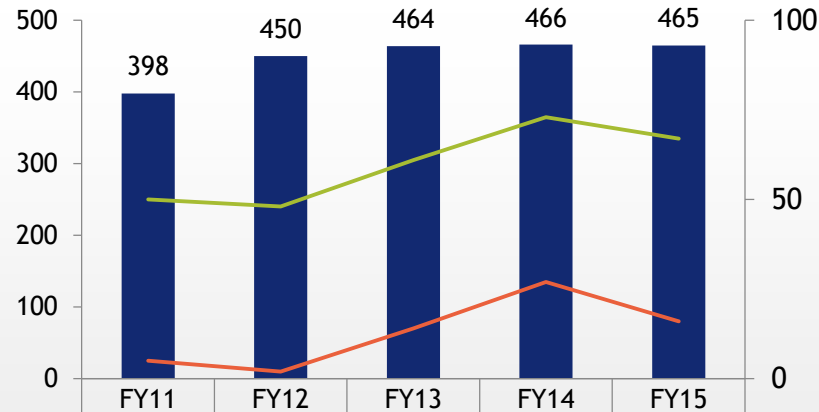
Data Source: Vision Gain.com



Key Financial Indicators

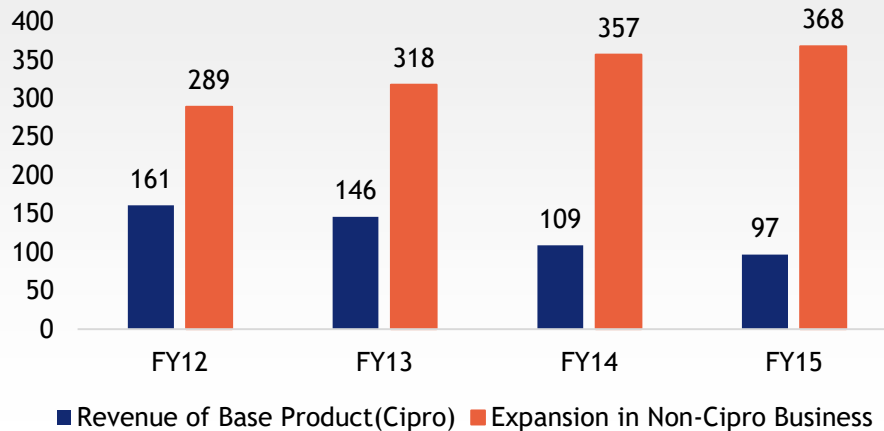
Financials

Financial Performance

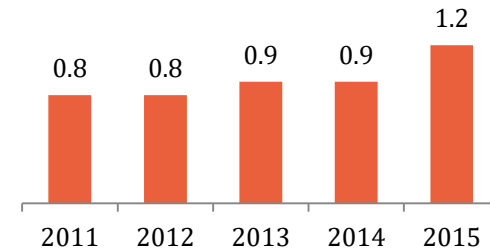


Sales	398	450	464	466	465
EBITDA	50	48	61	73	67
Net Profit	5	2	14	27	16

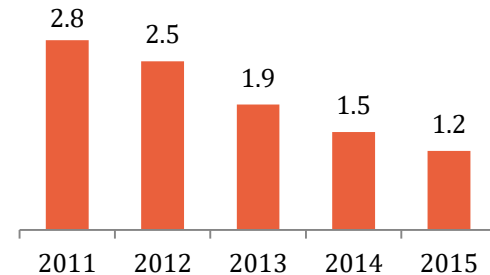
Revenue Growth



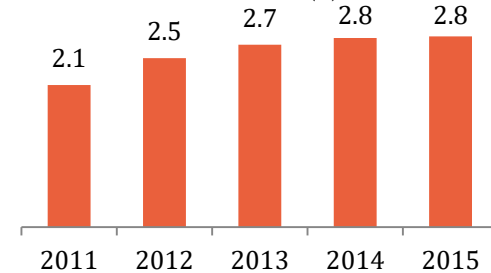
Current Ratio(x)



Debt to Equity(x)



Fixed Asset Turnover(x)



Highlights- Q1 FY16

Figures in INR Cr

	Q1 FY15	Q1 FY16
Sales	102.7	122.6
EBITDA	14.3	21.6
PAT	3.0	7.3
EPS	3.7	8.2
Margins		
EBITDA	14.0%	17.6%
PAT	2.9%	6.0%
YoY %		
Sales	19%	
EBITDA	51%	
PAT	141%	
EPS	125%	

Q1 Update

- Scale up of two new APIs - Lurasidone(anti-psychotic) and Rivaroxaban(anti-coagulant)
- Significant progress in one of the CMS products with NDA being filed in the US market

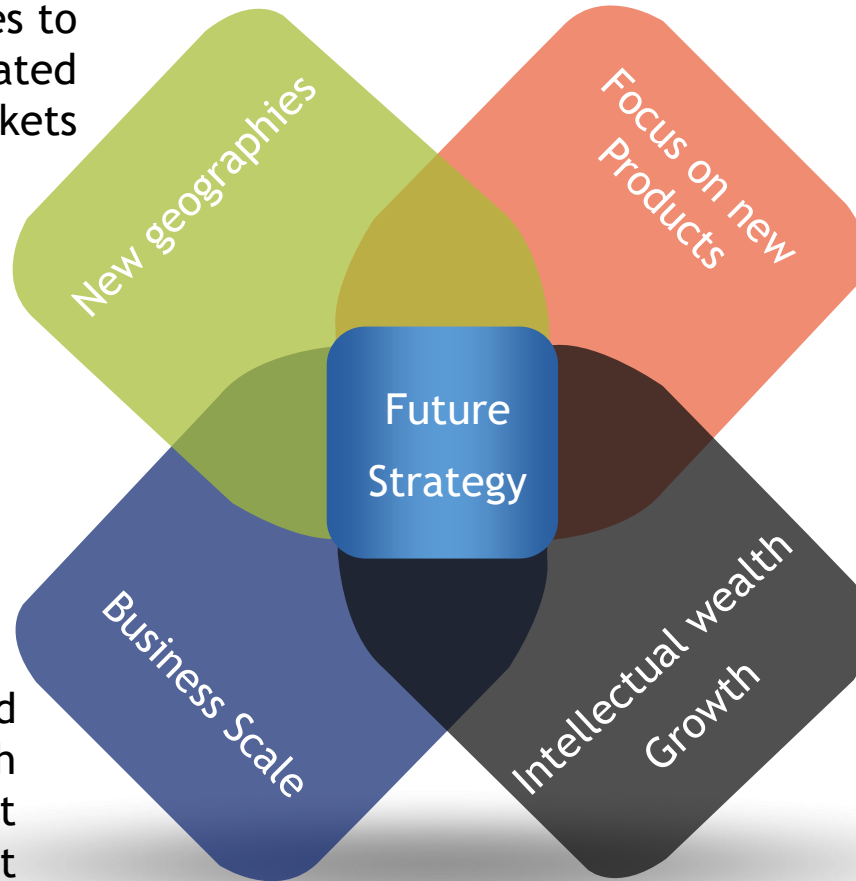


Future Growth Strategy

Business Strategy

Exports higher volumes to Japan and other regulated markets

Add new therapies and products having high margins

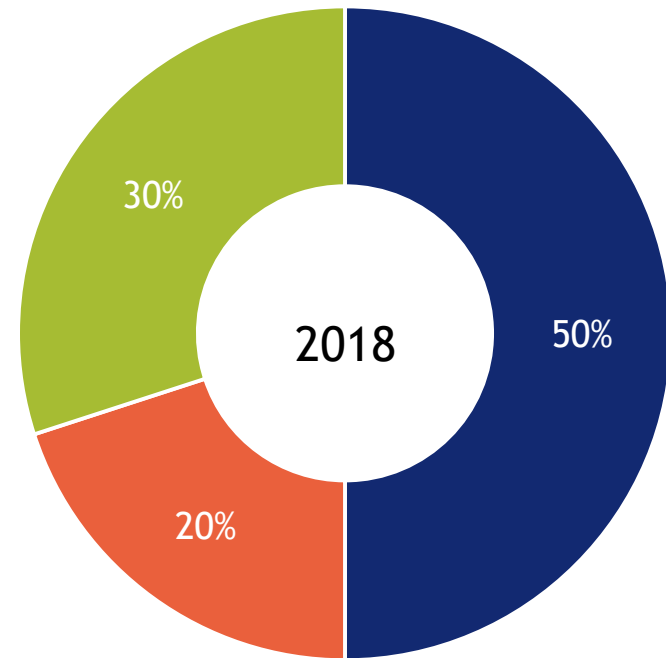
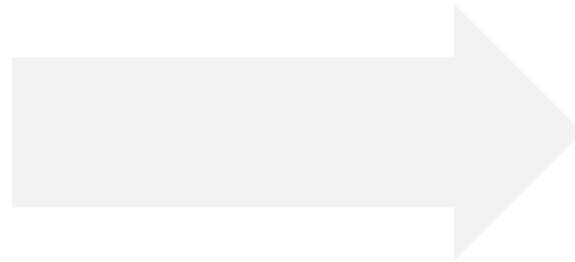
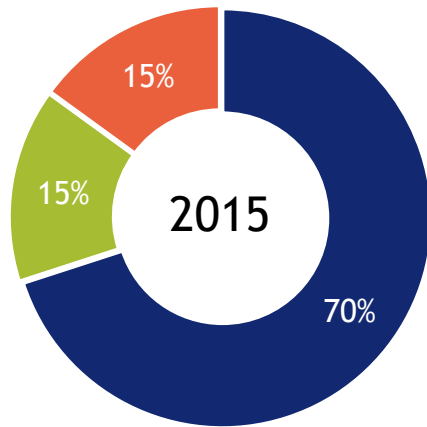


Add more capacity and consolidate existing with a profitable product basket

File DMFs, Patents and grow intangibly.

Create an organization that results in value for all stakeholders.

Focus on new products



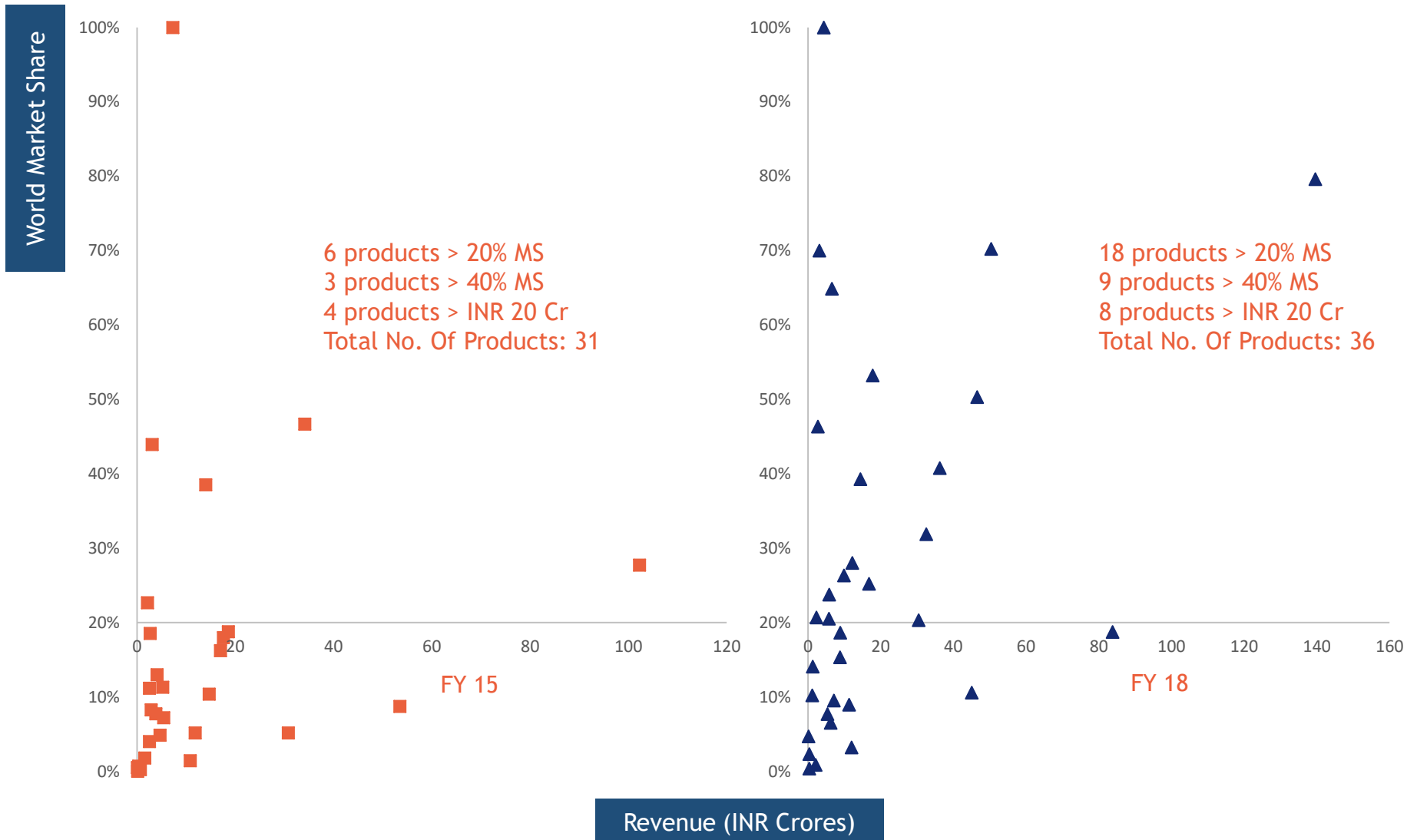
Faster Growth
with high volume
APIs

Higher margins
with complex
molecules APIs

Increased
Penetration in
the CMS space

Bring sustainability for future

Future Product and market share mix



Growth in CMS

Develop

- 11 development labs
- 60 fume hoods
- mg to gm scale
- Analytical R&D



Scale up

- 2 kilo labs
- cGMP pilot plant with two production areas
- 0.5-50 kg batch size



Manufacture

- 2 manufacturing sites
- 11 diverse production blocks
- Kg to ton scale



Scale the revenue growth in CMS from 15% to 30%

Investment Rationale

Horizontal Growth

- Continued expansion as preferred API source world wide
- Enhance manufacturing capacity to sustain high growth in APIs and CMS
- Increased number of new products with focus on market share on existing products through process improvement and capacity utilization

Expansion of Geography

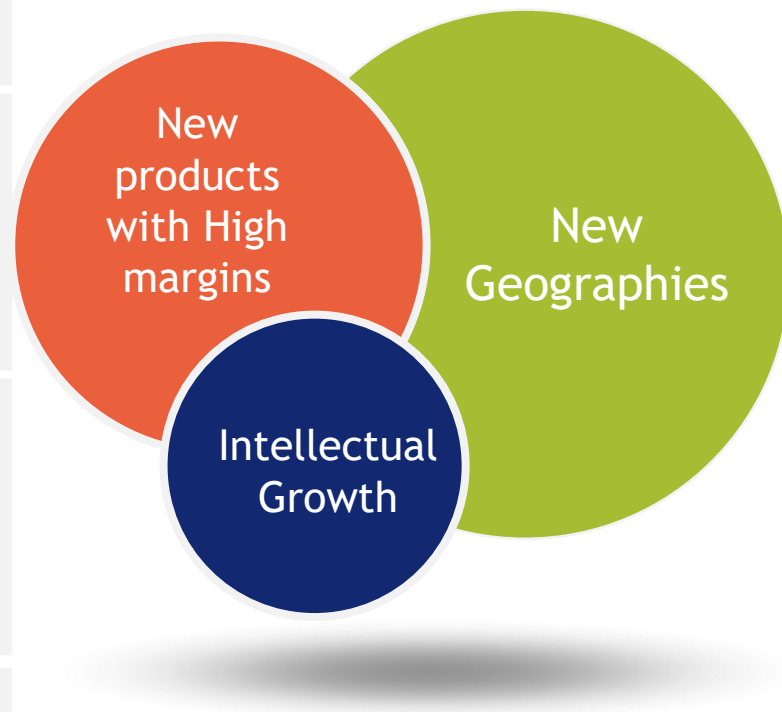
- Build on platform created in high margin regulated markets such as Japan
- Focus on expanding the product basket and entering newer markets to have a dominant position by FY 18

Revenue Mix

- Focus on high margin, niche and complex APIs belonging to therapies such as anti-psychotic, anti- asthmatic etc.
- Increase contribution of margin accretive Custom Manufacturing Solutions (CMS)

Intellectual Wealth

- Portfolio of 65 products with 400+ DMFs to meet customer needs across multiple therapeutic areas
- Accelerate to > 125 products and 150+ patents to ensure leadership in the API industry driven by innovation



Thank You

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