



NEULAND

WHERE OPPORTUNITY BECOMES REALITY

# Investor Presentation

## Q4FY18

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

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# Business Overview

# Company Overview



## Legacy

34+ 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

650+ filings with regulators

1000+ employees including ~200 scientists



## Reach

80+ countries of presence

75% of revenues through exports

93% of revenues through regulated markets

# Our Journey

## Laying Strong Foundation



Development

01

1984-2003

- Incorporation in 1984 and IPO in 1994
- Sale of first API in 1986
- First USFDA audit in 1997- one of the few Indian companies of our size to get audited by FDA
- Long term customer relationships

## Deepening our capabilities



Expansion

02

2004-2012

- Investments in capacity expansion
- Initiation of R&D activity at group level
- Foray into Japan and US by way of local presence through subsidiaries
- Entry into peptides business

## On course to profitable growth



Execution

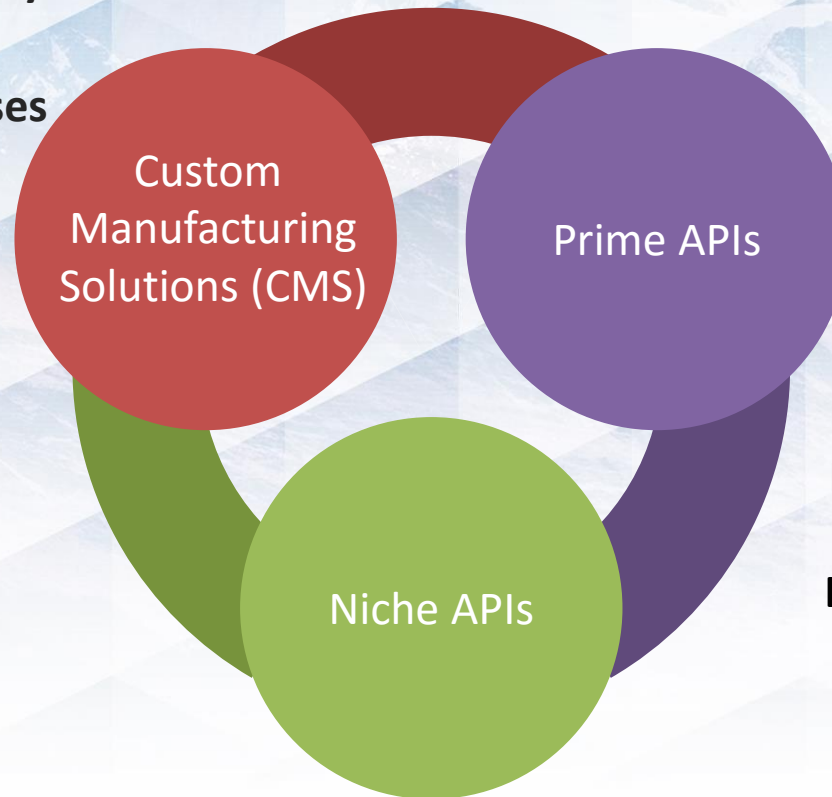
03

2013-Today

- **Strategic alignment of business towards niche APIs and Custom manufacturing solutions**
- **Cleared 10<sup>th</sup> USFDA audit without failure**
- **Focus on profitable growth with 100% API commitment and robust compliance framework**

# 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 Niche APIs collectively form **Generic Drugs Substance (GDS)** for Neuland

APIs with complex processes and niche presence

# Generic Drug Substance(GDS)

## Prime APIs

### Capability

- 3 US FDA and EU GMP compliant manufacturing facilities
- Collective capacity: ~731KL

### Business Approach

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

### Strategy Forward

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

## Niche APIs

### Capability

- High end complex chemistry capabilities
- Backend support by research and development 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
- Scale up 2-4 products each year
- 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

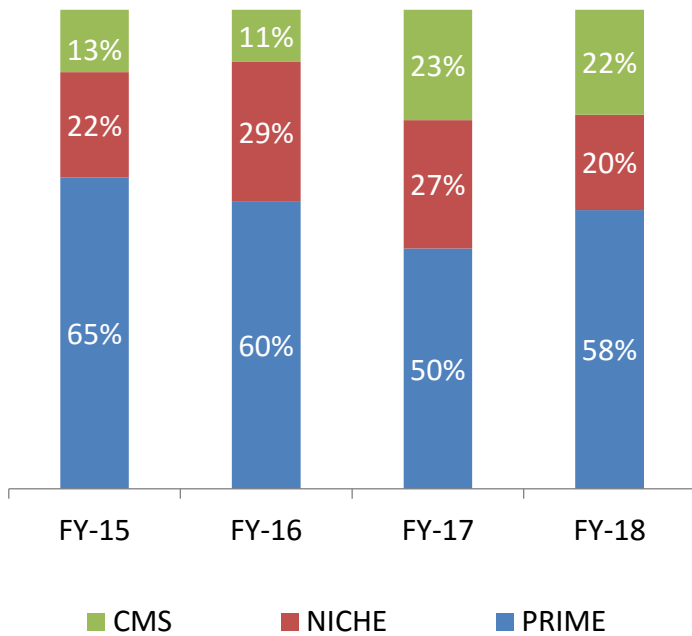
- Add depth in technical capabilities using enzymatic technology
- Investment in QBD labs, process engineering and foray into new areas of customer solutions
- Work effectively on customer relationships and leverage on portfolio expansion

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

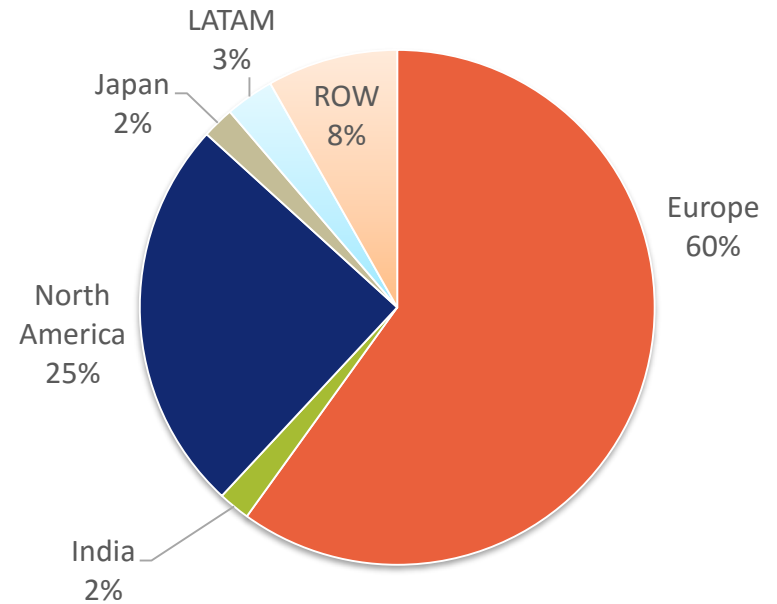


# Business Mix

## Revenue by Verticals



## Revenue by end territory FY 18





# Capabilities



# Neuland Manufacturing Facilities

Adding capacities for backward integration and new business

Unit	U1, Bonthapally, Hyderabad 222.5 KL	U2, Pashamylaram, Hyderabad 310.2 KL	U3, Gaddapotharam, Hyderabad 197 KL
Year of establishment	1986	1994	2017
Employee strength	399	321	140
Key products	Mirtazapine, Sotalol Hcl, Levetiracetam, Levofloxacin, Salmeterol, Salbutamol, NCE APIs, Peptide APIs, Vitamin D2 analogues	Ciprofloxacin Hcl, Entacapone, NCE APIs, Intermediates & RSMs	<i>Key Intermediates, NCE APIs, Large Volume Generics (Under Development)</i>
Regulatory	USFDA, EDQM, CFDA, PMDA, et. al	USFDA, EDQM, PMDA, ANVISA, et. al	Inspected by USFDA in 2015

# One state of art R&D centre

## R&D Facility, Hyderabad



<b>Location</b>	■ Bonthapally
<b>Area</b>	■ 3382.5 sq mts
<b>Year of Establishment</b>	■ 2008
<b>Expertise</b>	■ ~200 experienced, qualified scientists (>30 PhDs and multiple Post-graduates) ■ 4 PhDs and 11 M.Sc.s for the Peptides Lab

## 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:

- 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:
  - 600+ DMFs filed
  - 300+ API processes developed
  - 50+ patents filed. Recently received USPTO patent for improved process synthesis of Paliperidone Palmitate

**Leveraging on Manufacturing and R&D base to create a synergistic business**

# Compliance Framework

## Quality Control

- Quality Control facilitated with Wet Chemistry, Instrumentation & Microbiology Laboratories
- Equipped with sophisticated instruments like HPLCs, GCs, FTIR, UV & Particle Size Analyzer
- About 50+ chemists perform activities around the clock in 3 shift operations
- Stability studies as per ICH guidelines

## EHS

- Hazard and EHS Impact studies regularly conducted
- 24X7 occupational health center with ambulance facility
- Effluent treatment plant with RO system and solids waste



**Impeccable track record with robust quality and EHS framework**

# Regulatory Filings



56

DMFs with  
USFDA



Health  
Canada

29

Filings with  
Health Canada



5

Japanese DMF  
filed



146

ROW filings  
including  
Turkey, Mexico,  
Brazil etc



Korea Food & Drug Administration  
식품의약품안전청

14

filings with  
KFDA Korea



国家食品药品  
监督管理局

5

IDLs filed

~403

EUDMF filings  
across Germany,  
France, Poland,  
Italy etc



European Directorate  
for the Quality  
of Medicines  
& HealthCare



COUNCIL OF EUROPE  
CONSEIL DE L'EUROPE

20

CEPs Received  
for different  
products

673+

Filings till date



# Financials



# Standalone Financial Performance

## Q4FY18

- Total Revenue was Rs. 1,605.2 mn for Q4FY18 as compared to Rs. 1,416.9 mn in the corresponding period of the previous year reflecting an increase of 13.3 %
- EBITDA stood at Rs. 190.7 mn as compared to Rs. 286.0 mn during the same period of previous year
- EBITDA Margin at 11.9 % for Q4FY18 as against 20.2% in Q4FY17
- Net profit stood at Rs. 80.5 mn for Q4FY18 as compared to Rs. 146.9 mn in the corresponding period of the previous year
- Basic EPS stood at Rs. 7.22 as against Rs. 13.17 in the corresponding quarter of last fiscal

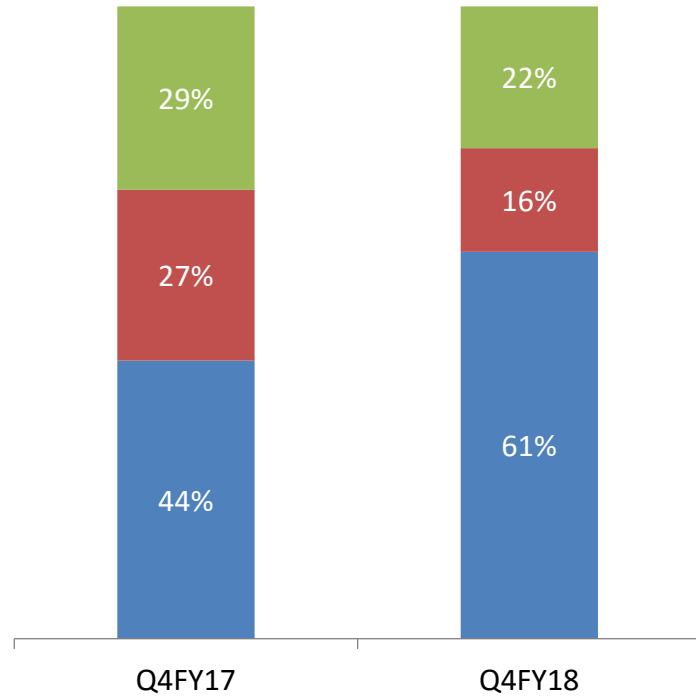
## FY18

- Total Revenue was Rs. 5,336.9 mn for FY18 as compared to Rs. 5,888.9 mn in FY17, a decline of 9.4%
- EBITDA stood at Rs. 546 mn as compared to Rs. 1,067 mn during the previous financial year
- EBITDA Margin at 10.2% for FY18 as against 18.1% in FY17
- Net profit stood at Rs. 118.1mn for FY18 as compared to Rs. 463.8 mn in FY17
- Basic EPS stood at Rs. Rs. 10.6 as against Rs. 41.6 in FY17



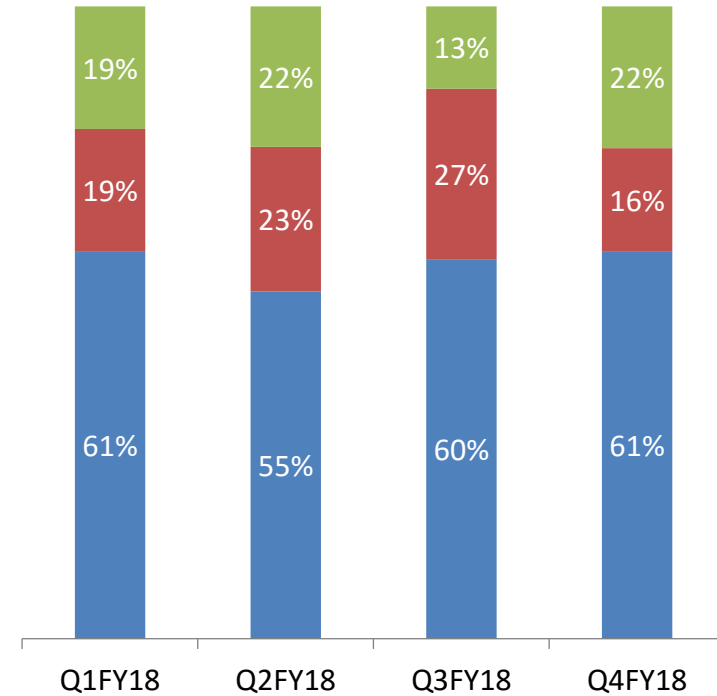
# Key Operating Metric

## YoY Analysis



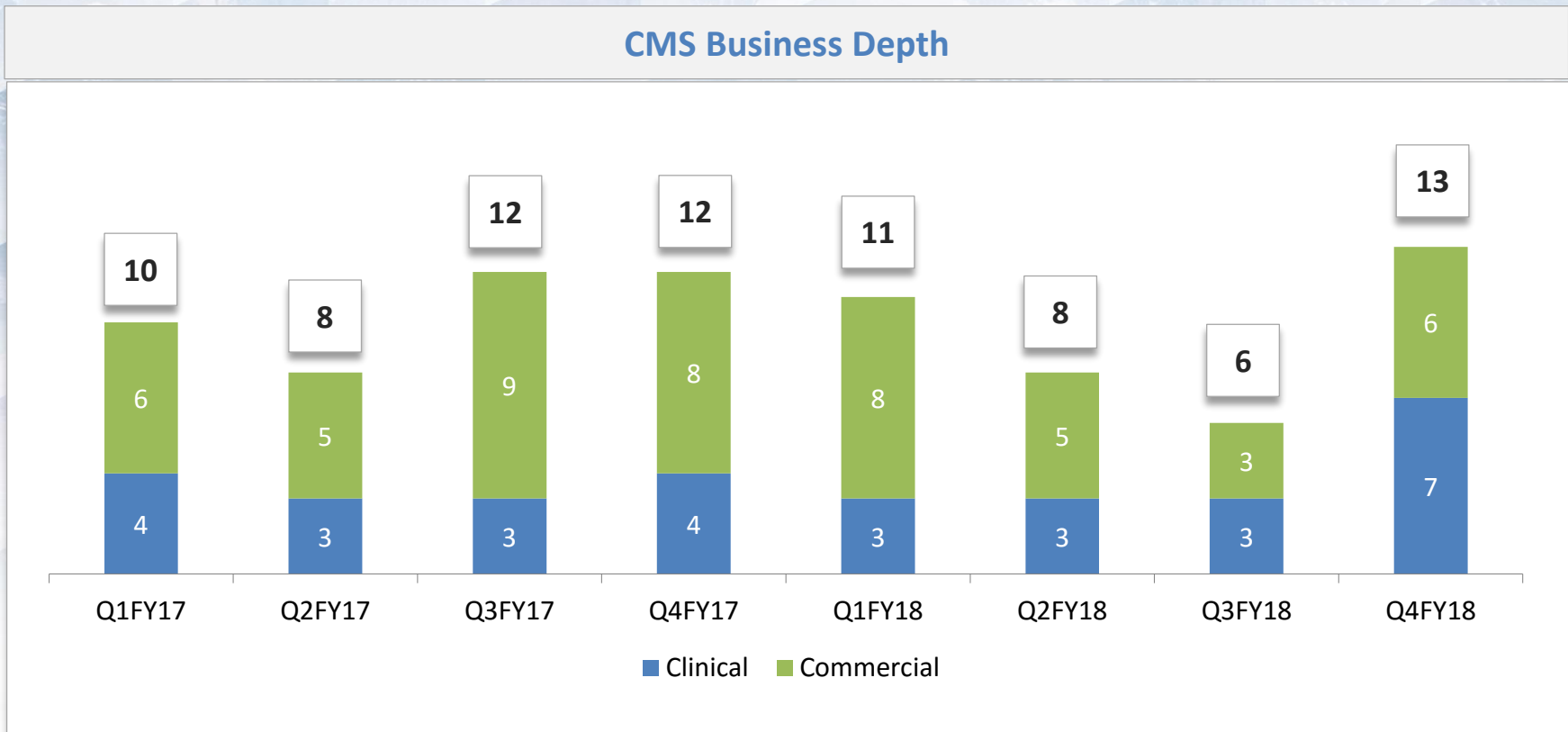
■ CMS  
■ NICHE  
■ PRIME

## Quarter on Quarter Movement



■ CMS  
■ NICHE  
■ PRIME

# Key Operating Metric



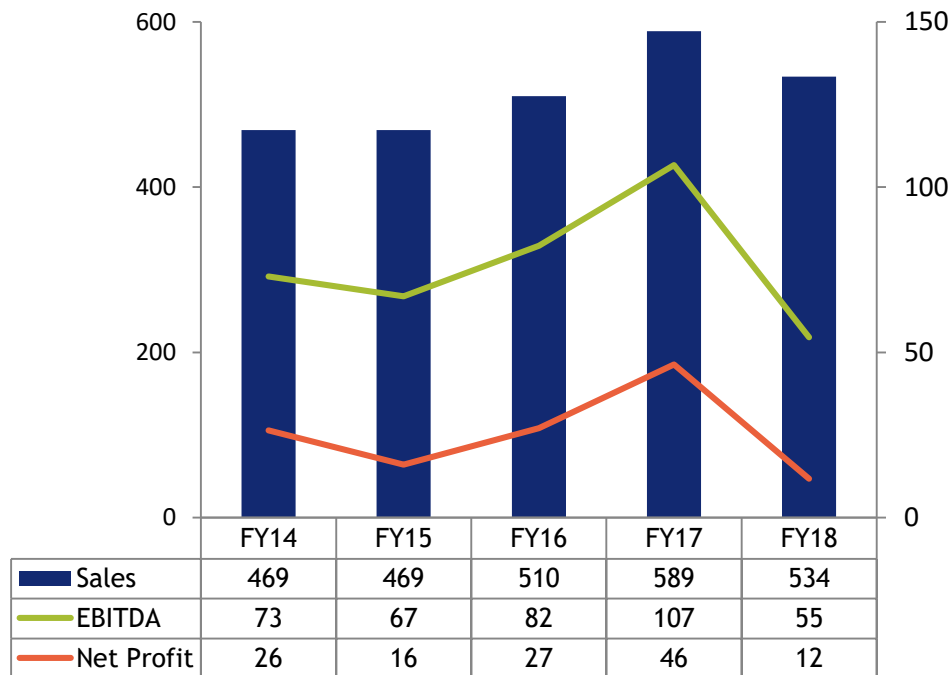
\*- Quantities taken for validation and launch are considered as Commercial

# No of CMS projects increasing

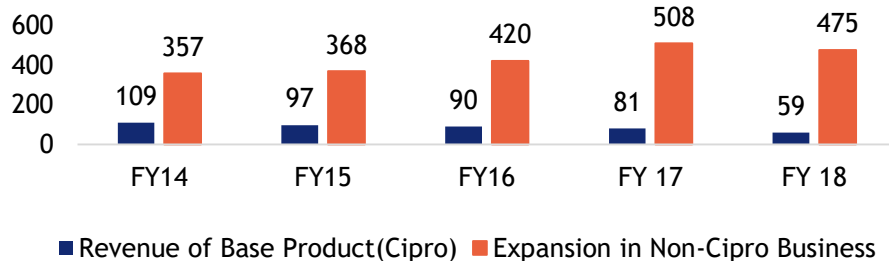
	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Total
Q4 FY 16	1	1	3	4	2	10	21
Q4 FY 17	2	2	3	9	4	10	30
Q4 FY 18	8	3	3	11	5	10	40

# Historical Financials

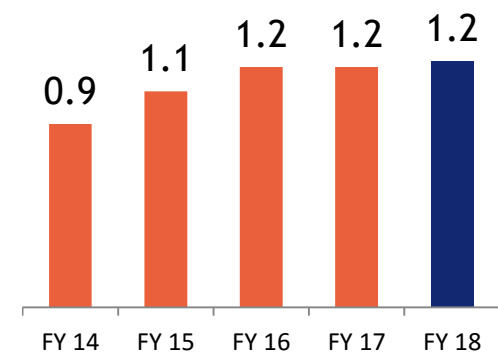
## Financial Performance (INR Cr)



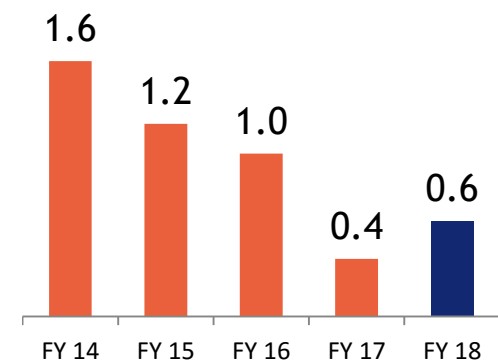
## Revenue Growth



## Current Ratio (x)



## Debt to Equity (x)





# Future Strategy

# Growth Strategy for Business

## Business

Extend capabilities to organically build a sustainable GDS and CMS business

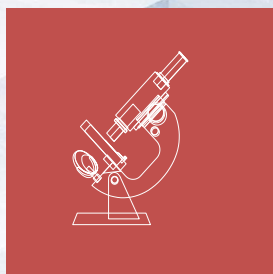


## Scale

Invest into capacity to augment sales and accelerate business growth

## Chemistry

Deploy advanced chemistry skills to add differentiated products to its portfolio



## Relationships

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

## Quality

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



## Financials

Re-aligning revenue portfolio for a profitable growth

**Create an organization that results in value for all stakeholders**



# Thank you for viewing this presentation.

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