NEULAND
WHERE OPPORTUNITY BECOMES REALITY

Earnings Presentation

Q1 FY 23

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

Safe Harbour

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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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Q1FY-23 HIGHLIGHTS

Management Speak

SUCHETH DAVULURI

"We had a volatile quarter in which the GDS business saw a decline in revenue as the Prime segment performed below par and impacted EBITDA margins by around 300 bps. However, we witnessed an improved business mix as we saw GDS Specialty revenues from customer launches and pipeline products. We expect the shift in the portfolio to continue and deliver annual performance in line with our plans."

SAHARSH DAVULURI

"Although the CMS segment saw delays arising from technical complexities, we see promising growth ahead backed by addition of new projects. Our focus internally is on execution excellence and optimization of costs to ensure mitigation against external events. We remain optimistic that our overall business will grow in line with our long-term plans and reflect higher margins due to our focus on delivering challenging projects in line with our clients' technical needs. "

Key Highlights

Q1 FY23

Business Highlights

- In Prime segment Levofloxacin, Ciprofloxacin, Mirtazapine and Labetalol performed well
- Specialty had a decent growth quarter with revenues coming from Donepezil, Salmeterol, Apixaban and Paliperidone Palmitate
- CMS revenues driven by two baseline products as well as products in various phases of development

Financial Highlights

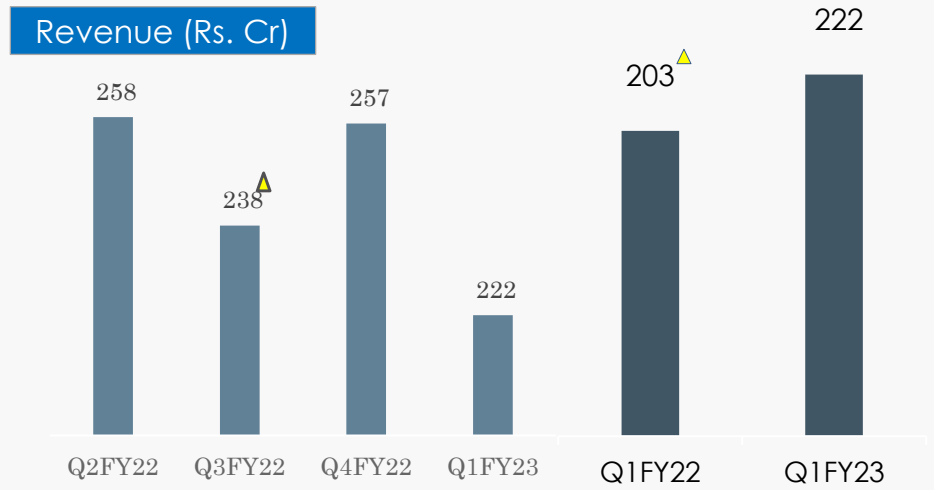
- Total income was Rs. 221.7 crore in Q1FY23, an increase of 9.2% YoY
- EBITDA margin decreased by 50 bps from 13.6% to **13.1%** in Q1FY23 due to
  - Increase in input prices, shipping costs and logistics issues
- PAT increased by 13.8% to Rs. 9.8 crores.

Profit & Loss Snapshot (Standalone)

Particulars (Rs. Cr)	Q1FY23	Q4FY22	QoQ (%)	Q1FY22	YoY (%)
Total Income	**221.7**	256.5	*(13.6)%*	202.9	9.2 %
EBITDA	**29.0**	39.3	*(26.3)%*	27.7	4.8%
EBITDA Margin	**13.1%**	15.3%	*(220) Bps*	13.6%	*(50) Bps*
Profit Before Tax	**13.3**	24.1	*(44.7)%*	12.0	*11.2%*
Profit Before Tax Margin	**6.0%**	9.4%	*(340) Bps*	5.9%	*10 bps*
Profit After Tax	**9.8**	21.8	*(54.9)%*	8.6	*13.8%*
Profit After Tax Margin	**4.4%**	8.5%	*(410) Bps*	4.3%	*10 Bps*
Earnings Per Share (Rs.)	**7.7**	17.0	*(54.9)%*	6.7	*13.8%*

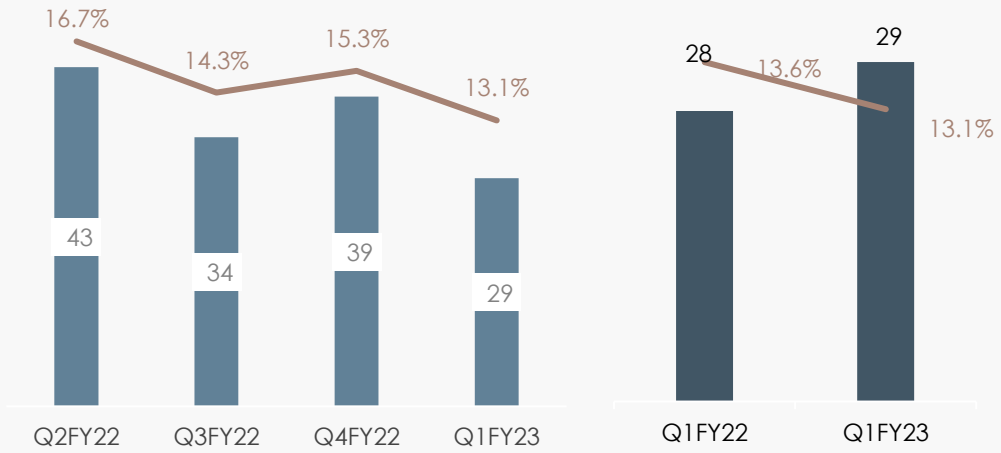
Financials (Standalone)

Revenue (Rs. Cr)

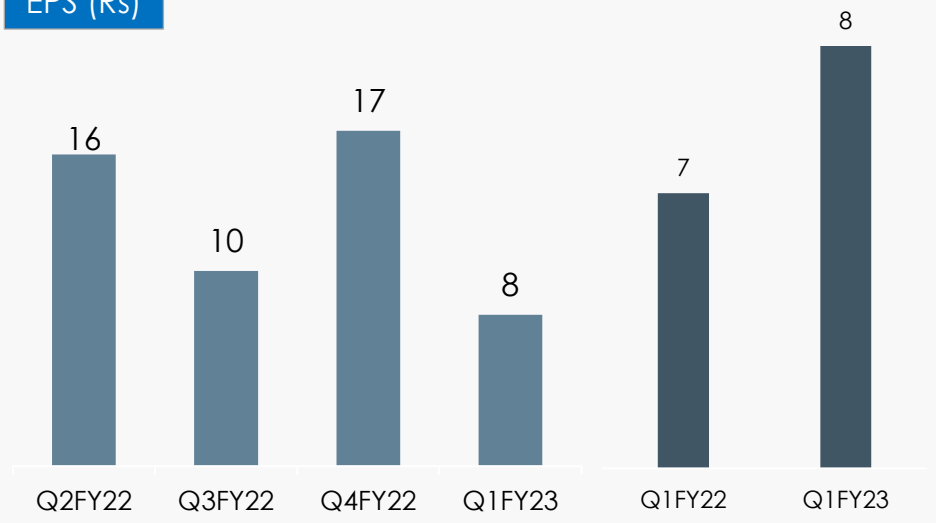


▲ Certain items classified as revenue in Q1 & Q3 have been reclassified as expenses to the tune of Rs. 2.8 Cr

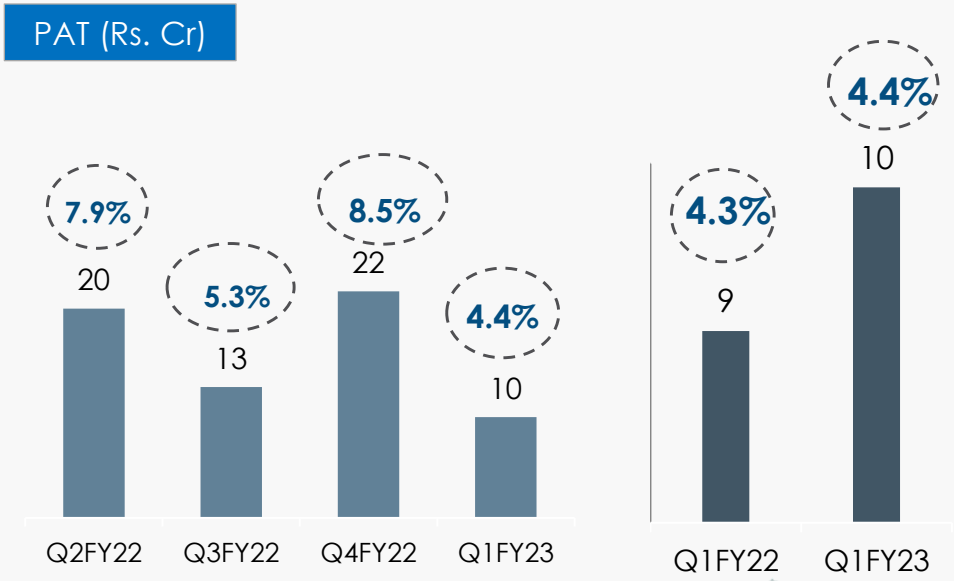
EBITDA (Rs. Cr) and EBITDA Margin (%)



EPS (Rs)



PAT (Rs. Cr)



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

Key Operating Metrics

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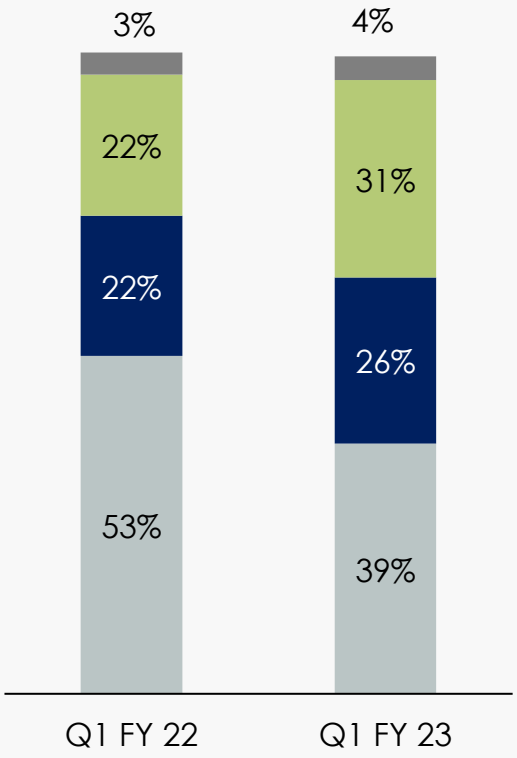
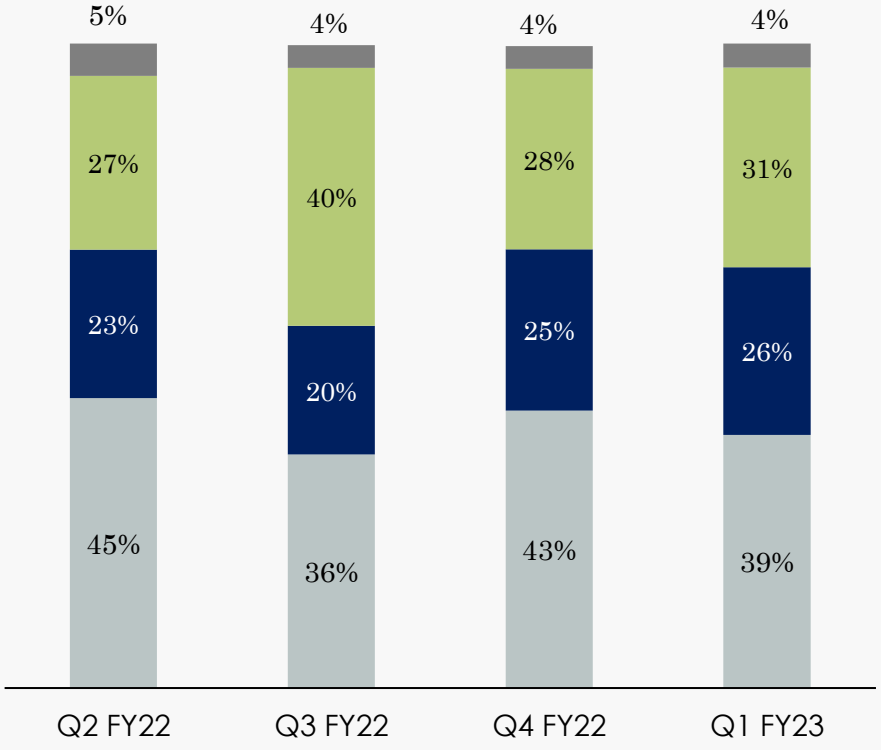
YoY Analysis



Quarter on Quarter Movement



Prime Specialty CMS Others

Business Salience (Overall Company)

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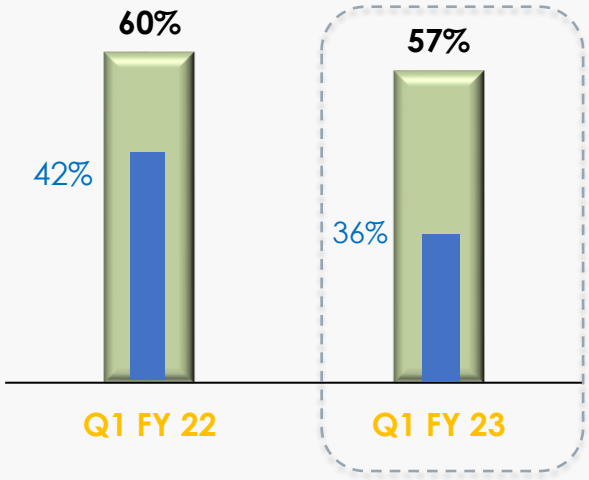
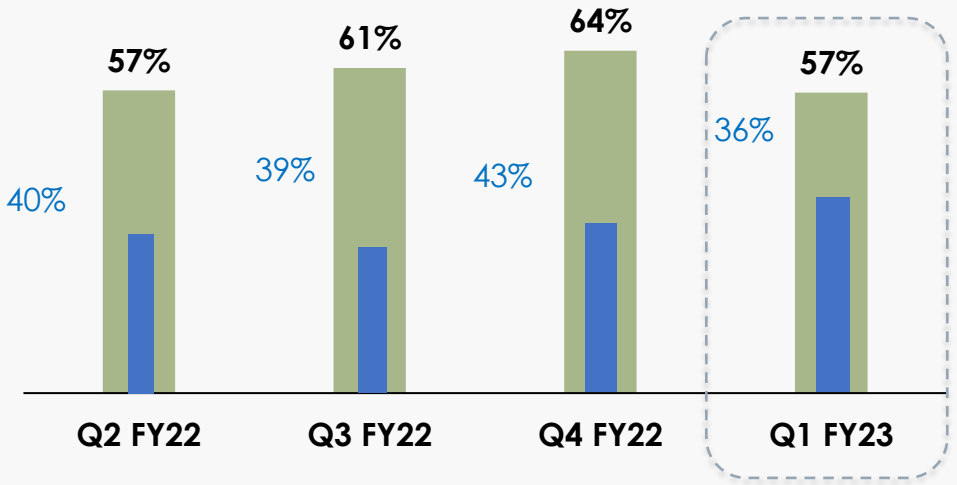
PRODUCT

YoY Analysis



QoQ Movement



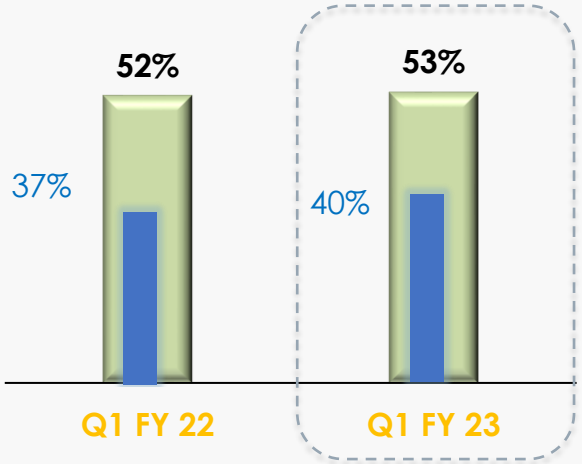
TOP 10

TOP 5

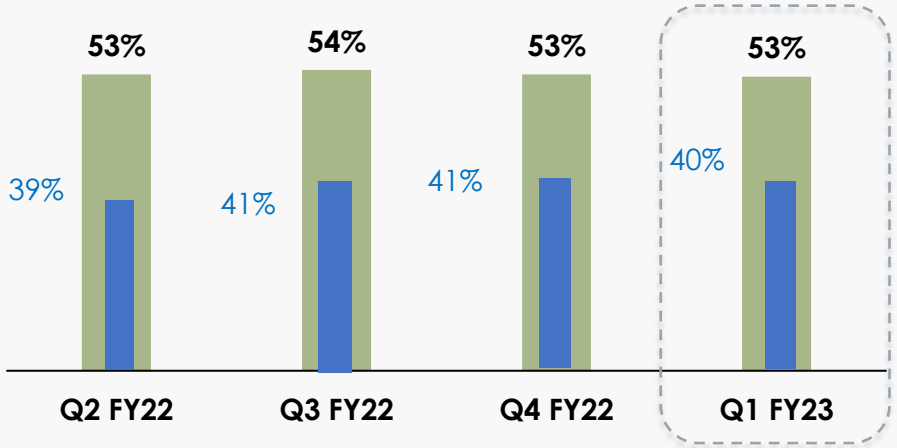
% of Total revenue

CUSTOMER

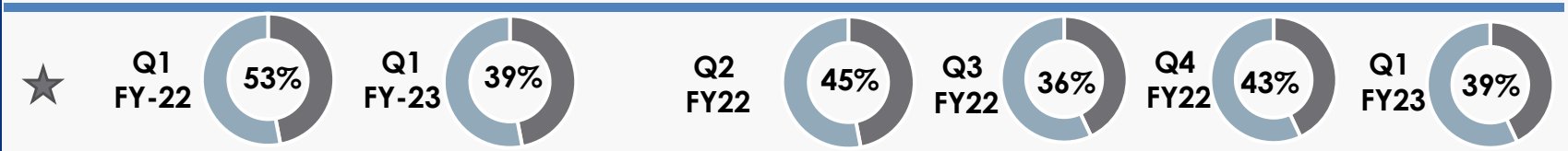
YoY Analysis



QoQ Movement

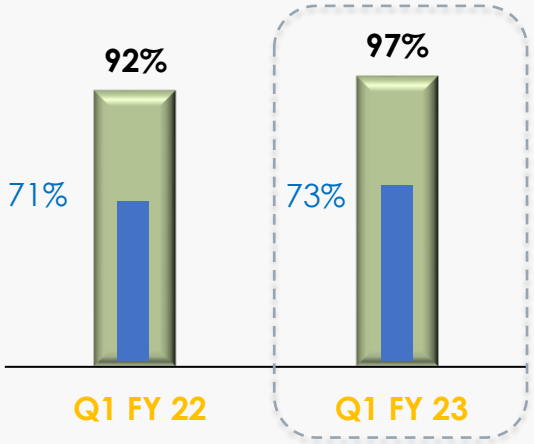


Business Salience (Prime)

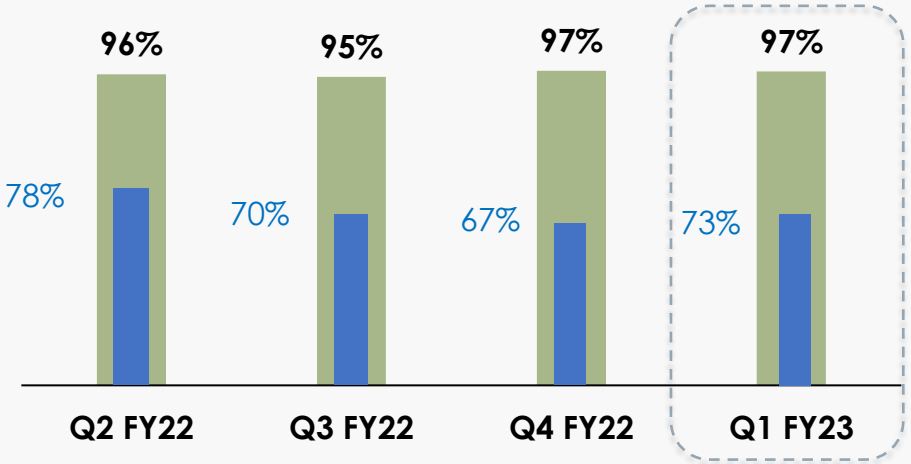


PRODUCT

YoY Analysis



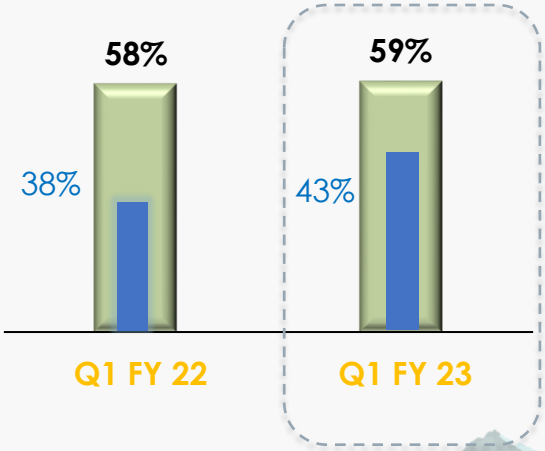
QoQ Movement



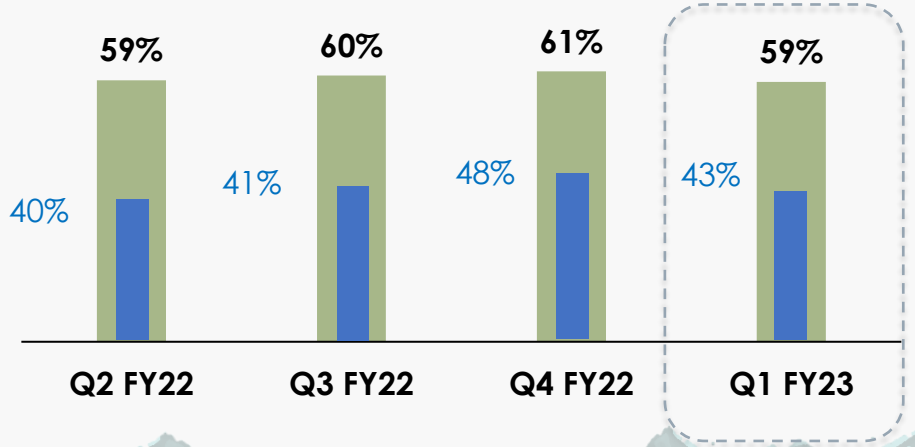
TOP 10
TOP 5
(of Prime revenue)

CUSTOMER

YoY Analysis

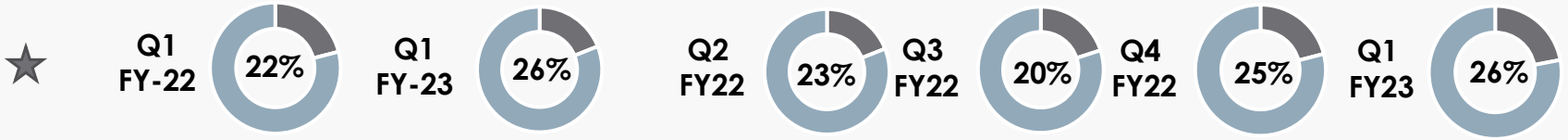


QoQ Movement



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

Business Salience (Specialty)



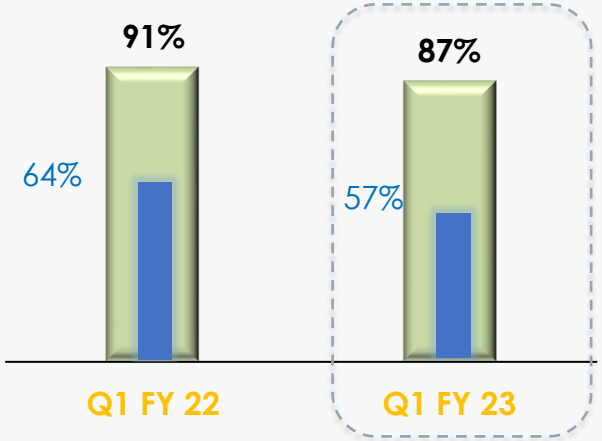
TOP 10

TOP 5

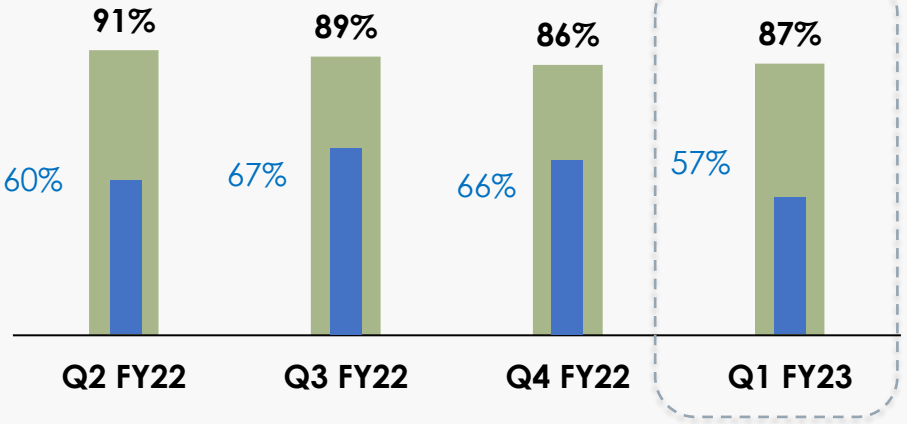
(of Specialty Revenue)

PRODUCT

YoY Analysis

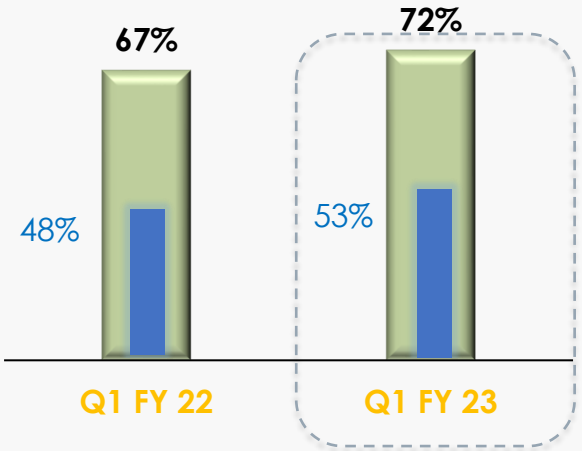


QoQ Movement

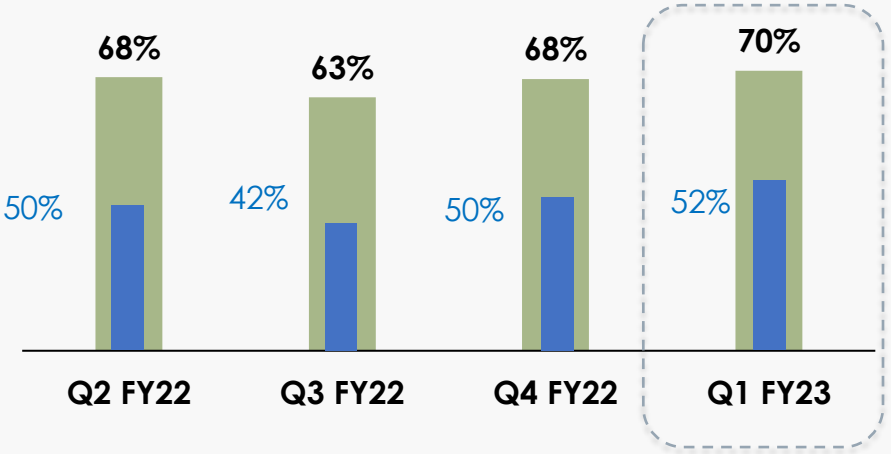


CUSTOMER

YoY Analysis

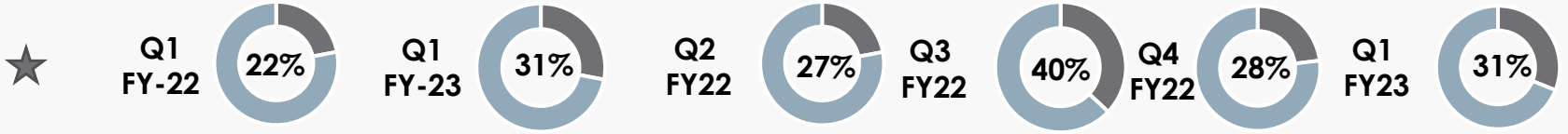


QoQ Movement

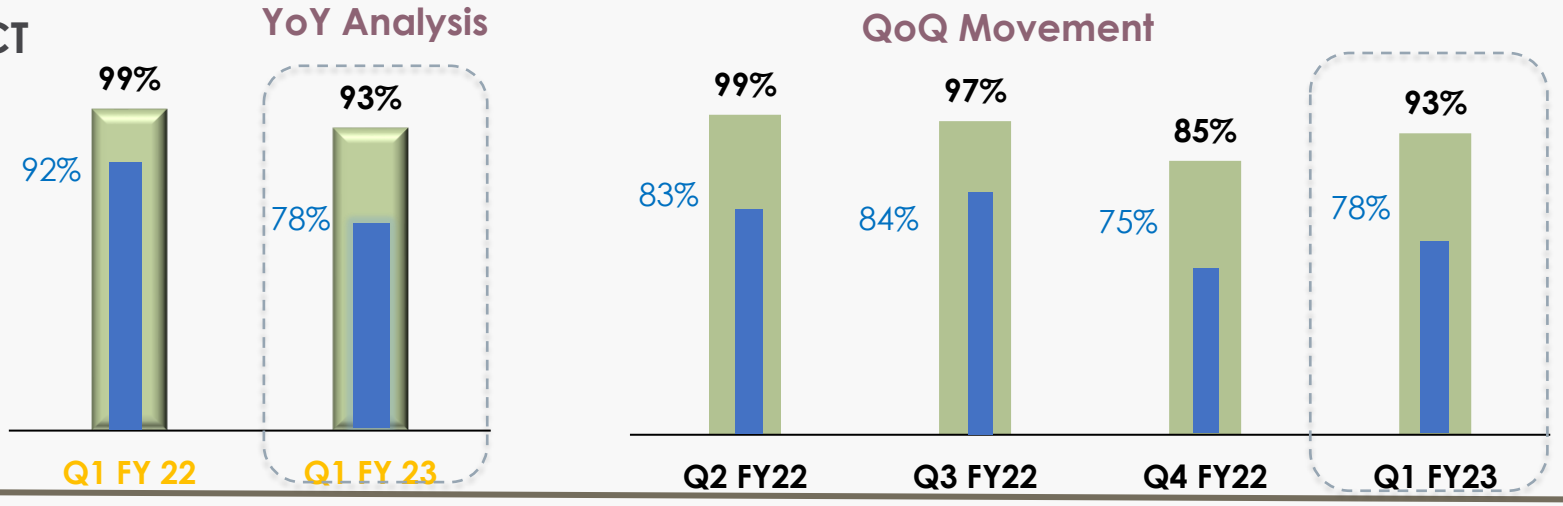


★ % represents Niche / Specialty % from Overall revenue for respective Quarter / YTD

Business Salience (CMS)



PRODUCT

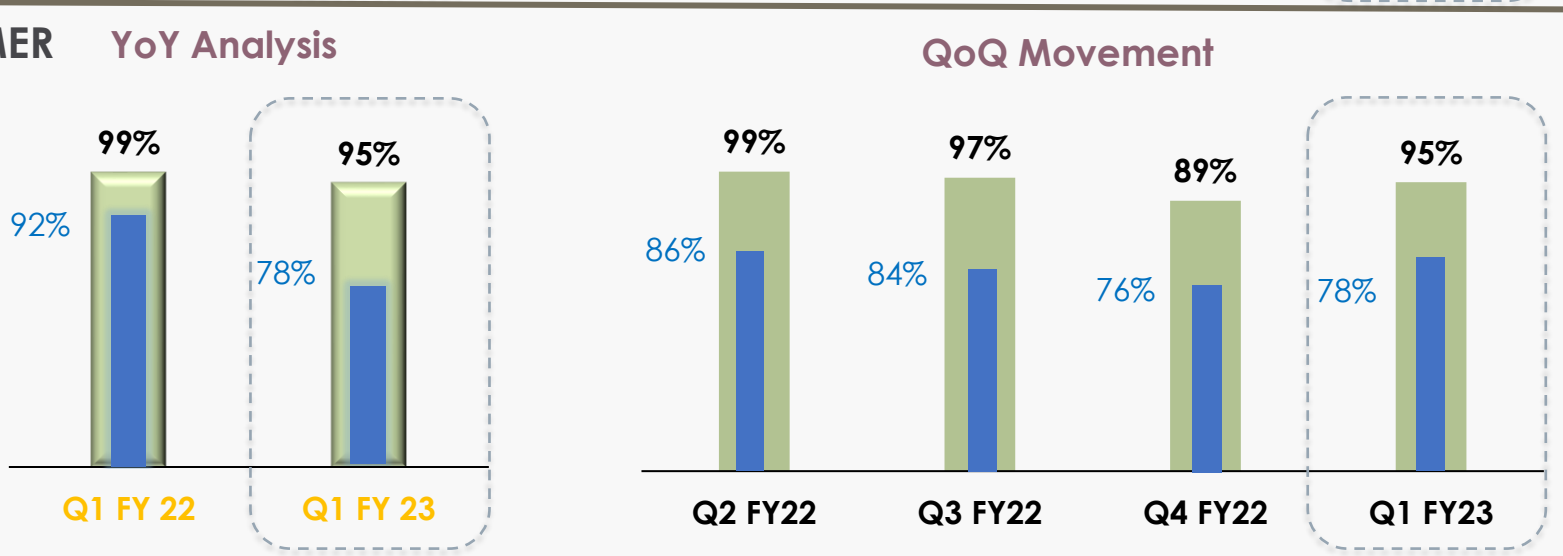


TOP 10

TOP 5

(of CMS revenue)

CUSTOMER



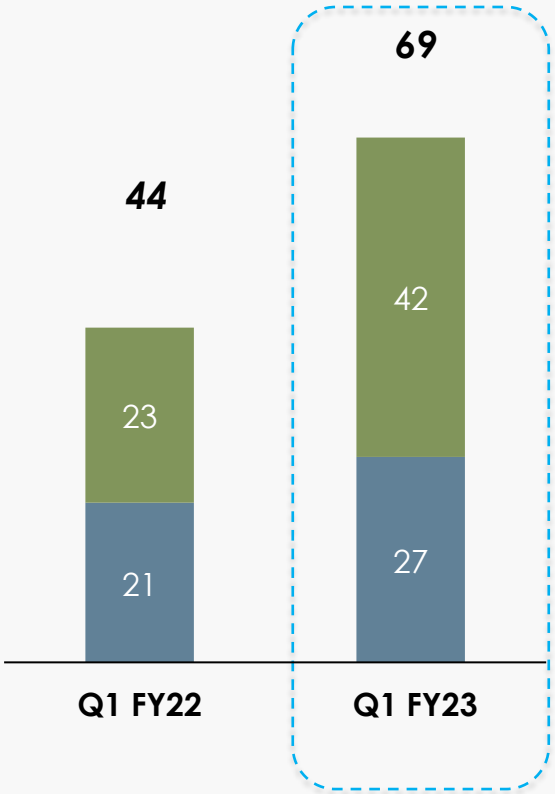
★ % represents CMS % from Overall revenue for respective Quarter / YTD

Key Operating Metrics – CMS Revenue Split

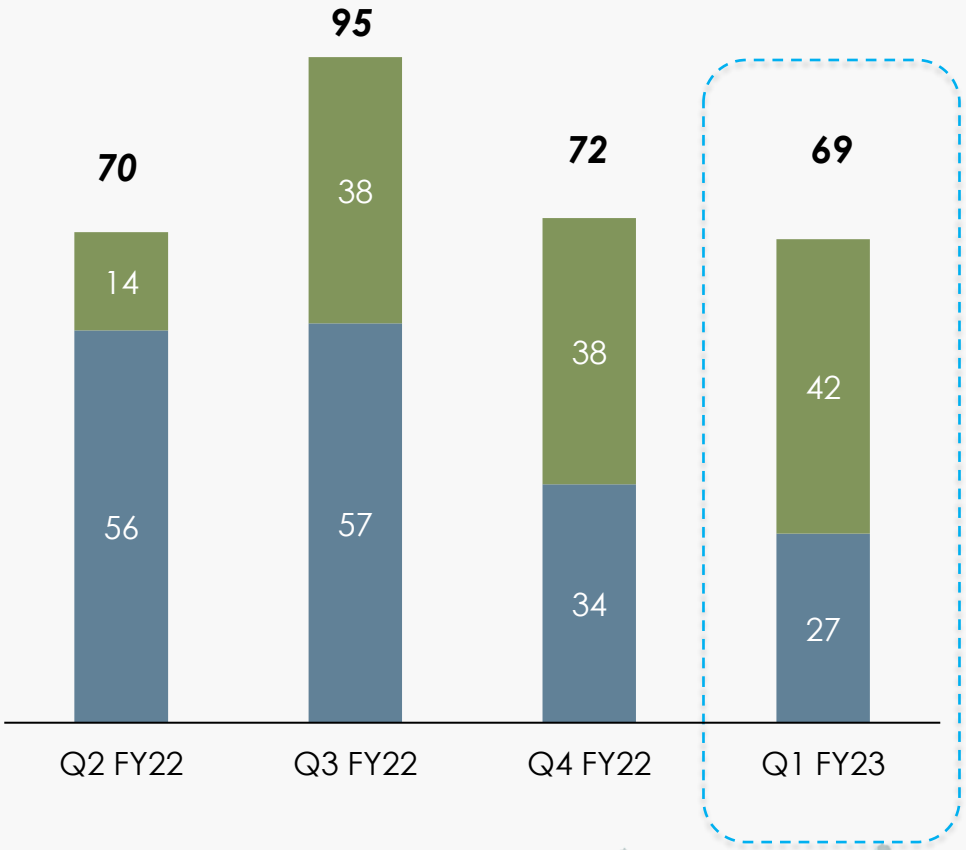
Rs. In Cr

Commercial Development

YoY Analysis



Quarter on Quarter Movement



Number of Active CMS Projects

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Q1 FY23	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	16	4	7	7	7	9	50
Intermediate	7	5	2	0	8	12	34
Grand Total	23	9	9	7	15	21	84

Q1 FY22	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand 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

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

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

BUSINESS OVERVIEW

Our Journey – Key Milestones

Successfully cleared 15 USFDA inspections.

Multiple audits passed with no major observations

Laying Strong Foundation 1984 - 2003 → **Deepening Our Capabilities** 2004 - 2012 → **Increased Sustainable Growth** 2013 - Today

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

Generic Drug Substance (GDS)

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We started as a Prime API manufacturer…

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

..Added Speciality molecules for complex products..

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

On path to being a preferred partner in CMS..

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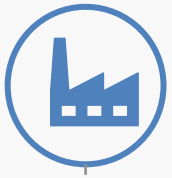


Services

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

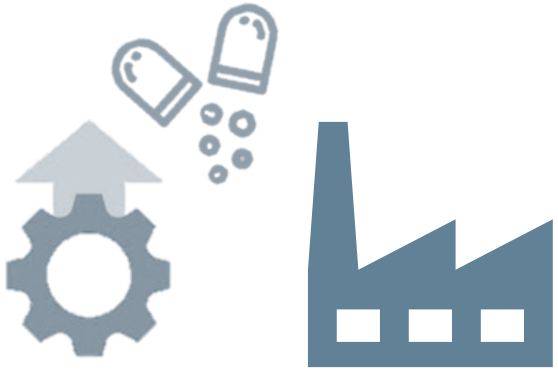
Business Approach

- ✓ 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

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	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

Adding capacities for new CMS projects and growth of key GDS molecules

Backed up by sound R&D capabilities

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

New capabilities built

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Research Capabilities

FBRM

Particle size check for polymorph achievement

PEPTIDE LAB

9800 sq. ft. new lab with additional 7 hoods for 25 chemists

POLY BLOCK REACTORS

For solubility/ crystallisation study, carrying out multiple reactions

LABORATORY REACTORS

Enhanced ability to perform reactions in a wide range of -90-200 degrees

HAZARDOUS & WET LABORATORY

Dedicated area for hazardous chemical management and wet lab expansion

PID LABORATORY, UNIT-III

To address product quality issues, impurities synthesis, cost reduction.

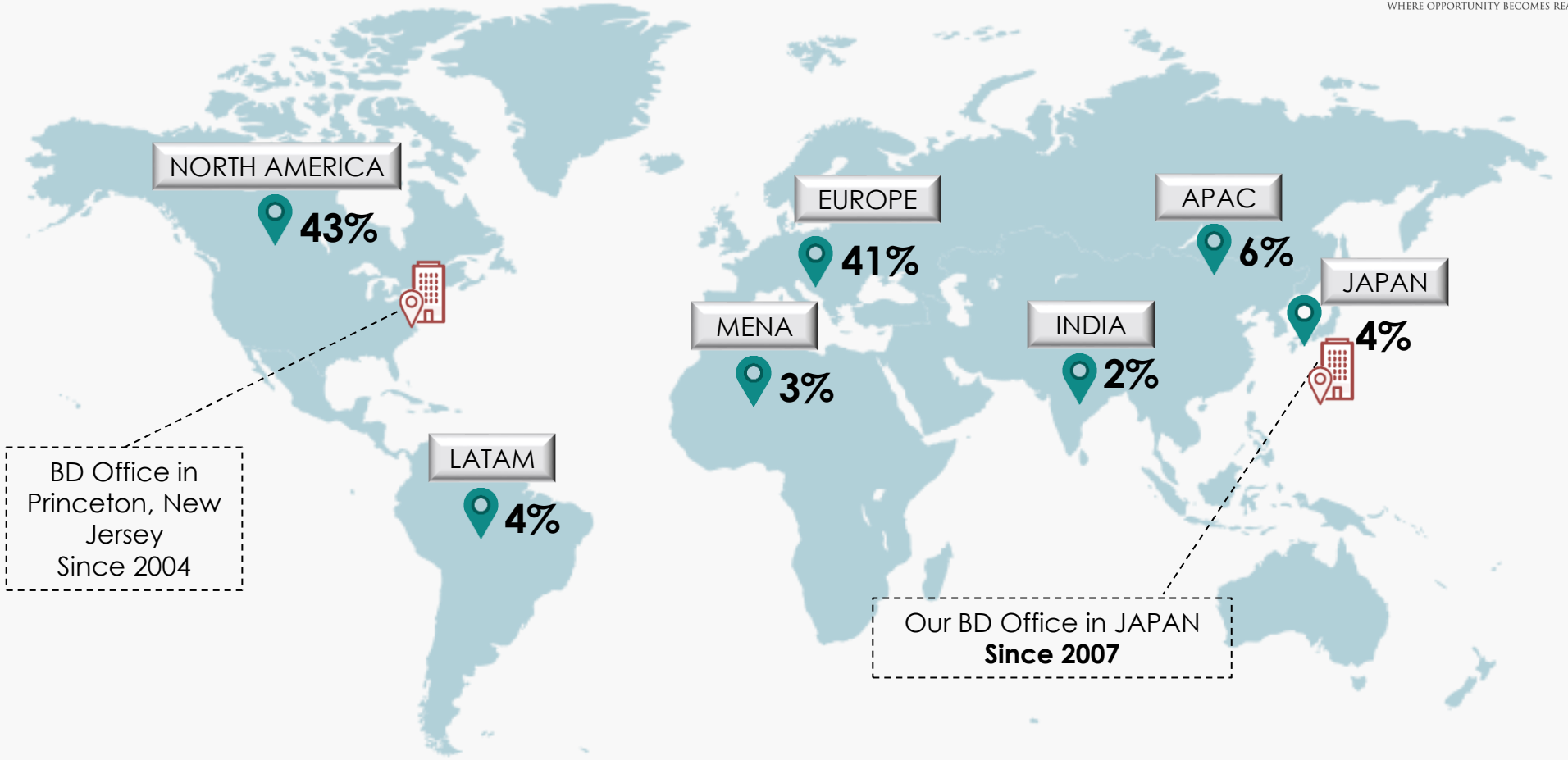
PID LABORATORY, B-S, UNIT-I

Expansion with 3 fume hoods along with space for 2 more laboratories.

HEATING & COOLING SYSTEMS

For DOE studies and projects

Global Presence



% Refers to Q1 FY23 Sales by End market

Regulatory Filings Across Geographies

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62
DMFs with USFDA

Health Canada
30
Filings with Health Canada

10
Japanese DMF filed

NMPA 国家药品监督管理局 National Medical Products Administration
20
China DMF filed

FDA Korea Food & Drug Administration 식품의약품안전청
19
filings with KFDA Korea

Australian Government Department of Health Therapeutic Goods Administration
23
filings with TGA


233
ROW filings including Turkey, Mexico, Brazil etc

~497
EUDMF filings across Germany, France, Poland, Italy etc

edqm
European Directorate for the Quality of Medicines & HealthCare | Direction européenne de la qualité du médicament & soins de santé

COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

27
CEPs Received for different products

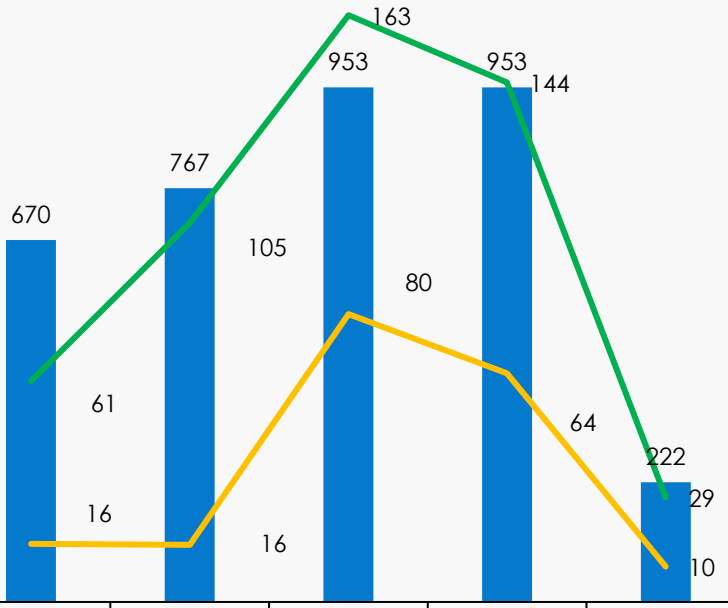
916+
Filings till date

** 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

Continuous Growth…

Rs. In Cr



	FY19	FY20	FY21	FY22	Q1FY23
Revenue	670	767	** 953	953	222
EBITDA	61	105	163	144	29
Net Profit	16	* 16	80	64	10

Sales EBITDA Net Profit

FINANCIAL PERFORMANCE HIGHLIGHTS

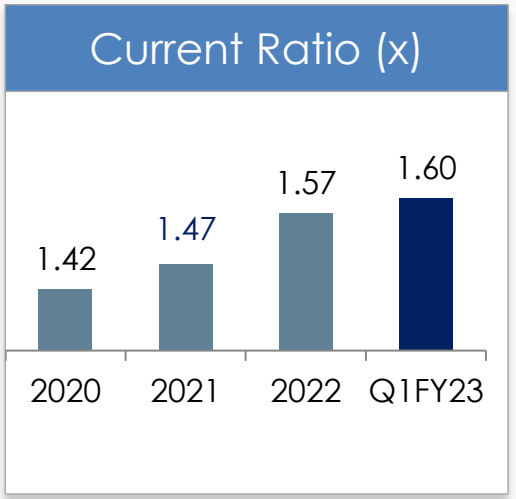
- Revenue CAGR of 12.5% for FY 19-22 led by growth in all 3 businesses
- EBITDA growth of 33.0% CAGR in FY 19-22 due to balanced contribution from both GDS and CMS business
- Shift to CMS and Specialty in overall revenue mix along with resource efficiency steps accelerated profitability

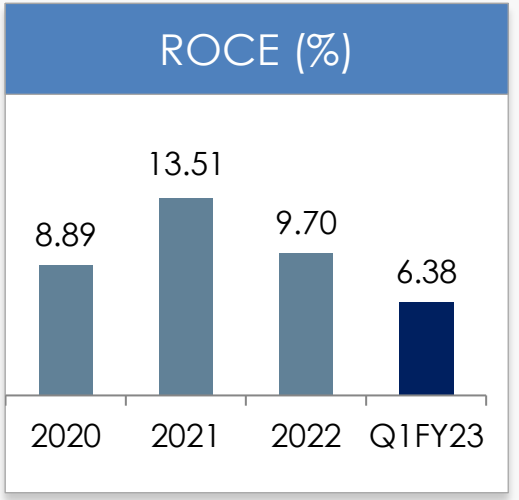
** FY21 included other income of Rs. 13.09 crores towards profit on sale of investment property

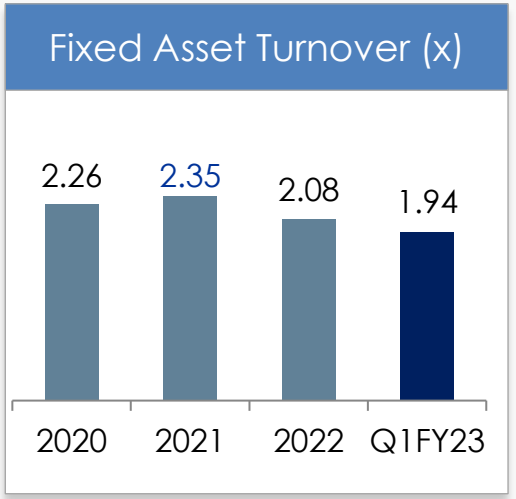
* This was after a one-time tax charge of Rs. 23.2 Cr in Q4FY20 that the Company chose to exercise under Section 115BAA of the IT act

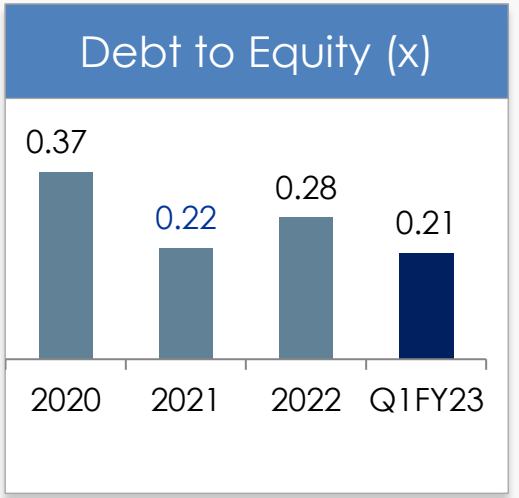
Stable Balance Sheet..

Particulars (Rs. Cr)	Mar-20	Mar-21	Mar-22	Jun-22
Shareholders' funds	706	782	836	846
Net Debt	214	152	212	160
Investments	8	7	4	4
Tangible Assets	391	438	497	500
Intangible Assets (Excluding Goodwill)	2	3	2	2
Working Capital	289	309	382	361









OUTLOOK

..Laying Foundation for our Growth Strategy

NEULAND
WHERE OPPORTUNITY BECOMES REALITY

CREATE AN ORGANIZATION THAT RESULTS IN VALUE FOR ALL STAKEHOLDERS

BUSINESS

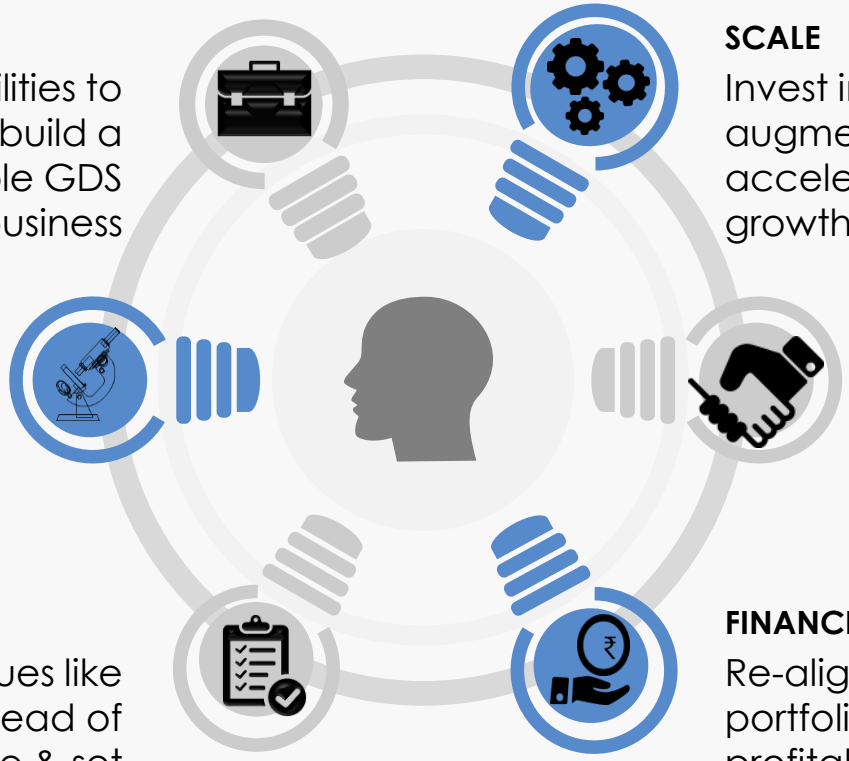
Extend capabilities to organically build a sustainable GDS and CMS business

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

Contact Us

NEULAND
WHERE OPPORTUNITY BECOMES REALITY

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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NEULAND

WHERE OPPORTUNITY BECOMES REALITY

Thank You