NEULAND
WHERE OPPORTUNITY BECOMES REALITY

Neuland Laboratories Limited

INVESTOR PRESENTATION
Q1FY24

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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Q1FY24 Highlights

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Management Commentary

SUCHETH DAVULURI

"The performance this quarter is in line with our plan and is a good indicator of the business momentum within the organization. The high YoY growth had contribution from all three segments and the EBITDA margin improvement of 1410 bps on YOY basis reflects the change in business mix as well as operating leverage playing out. We continue to be watchful on balancing growth with profitability by having continuous focus on cost optimization and efficient operations in order to capitalise on opportunities which we believe will bring us greater scale over the long term."

SAHARSH DAVULURI

"CMS growth in Q1FY24 was driven by recently commercialized molecules as well as molecules in the pipeline. We expect more molecules to be commercialized in the medium term which will drive our future growth. We saw couple of more milestones in terms of our regulatory track record as Unit 3 was successfully inspected by the US FDA and we had Unit-1 being audited by EDQM. While the external environment remains uncertain with funding of early-stage molecules being affected, we remain cautiously optimistic of our future growth given the strength of our portfolio"

Business and Financial Highlights

Q1FY24 Business and Financial Highlights

CMS segment

CMS revenues driven by commercial molecules. Significant contribution from molecules in the pipeline also

Specialty business

Specialty business growth driven by Apixaban and Paliperidone

Prime segment

In Prime segment Mirtazapine and Labetalol were the key molecules

Regulatory Audits

US FDA inspected Unit-3 and issued EIR (Establishment Inspection Report)

Unit-I inspected by EDQM (European Directorate for the Quality of Medicines)

Free Cash Flow (FCF) generation and utilisation

Generated Free Cash Flow of Rs. 40.7 crores during Q1FY24

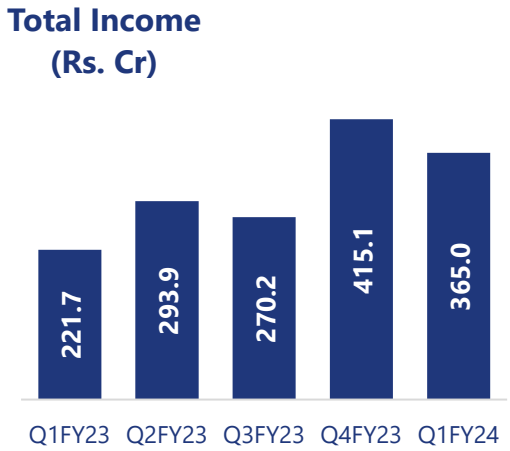
Partly utilised to eliminate working capital debt completely and repayment of Rs 8.6 crores term loan

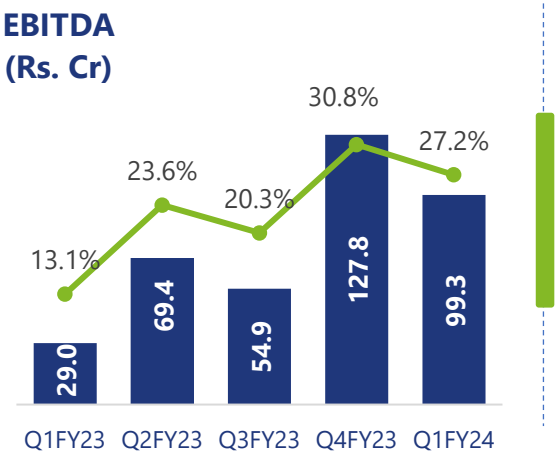
Capex Investment of Rs 11.7 crores for enhancement of future overall capabilities

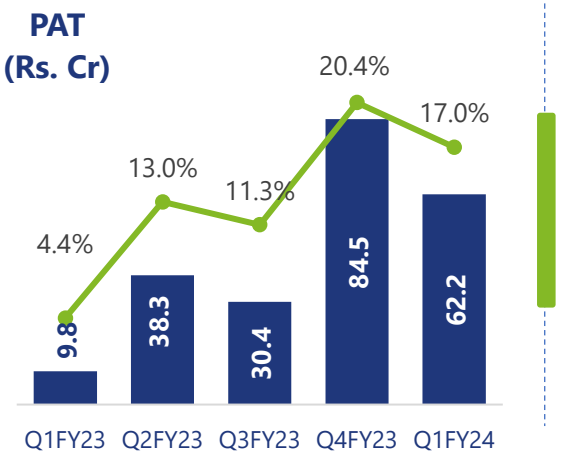
Working Capital

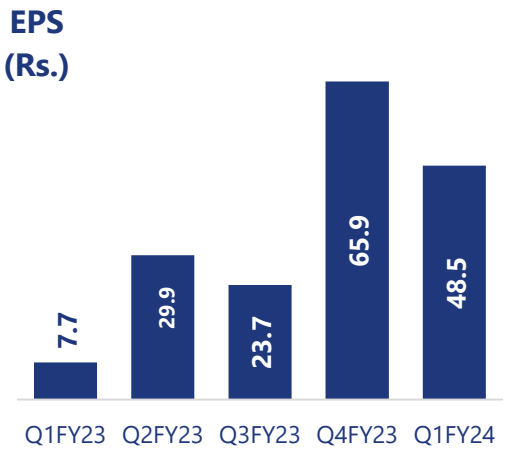
Reduction in working capital cycle to 118 days in Q1FY24 as compare to 141 days in Q4FY23

Q1FY24 Financial Highlights





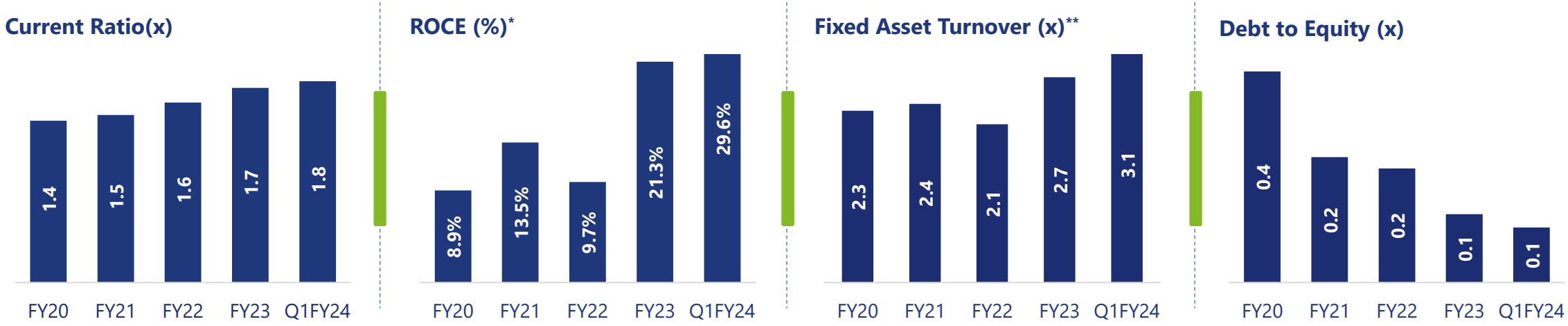




Financial Highlights

- Total Income for Q1FY24 at Rs. 365.0 crore (+64.7% YoY) led by growth in Specialty and CMS segment
- EBITDA for Q1FY24 at Rs. 99.3 crore (+242.5% YoY)
- EBITDA Margin for Q1FY24 at 27.2% (increased by 1410 bps YoY) due to better business mix and operational leverage
- PAT for Q1FY24 at Rs. 62.2 crore (+532.3% YoY)
- Net Debt stood at Rs. 24.4 crore as at Q1FY24 end compared to Rs. 160.0 crore as at Q1FY23 end and Rs 63.0 crore as at Q4FY23 end

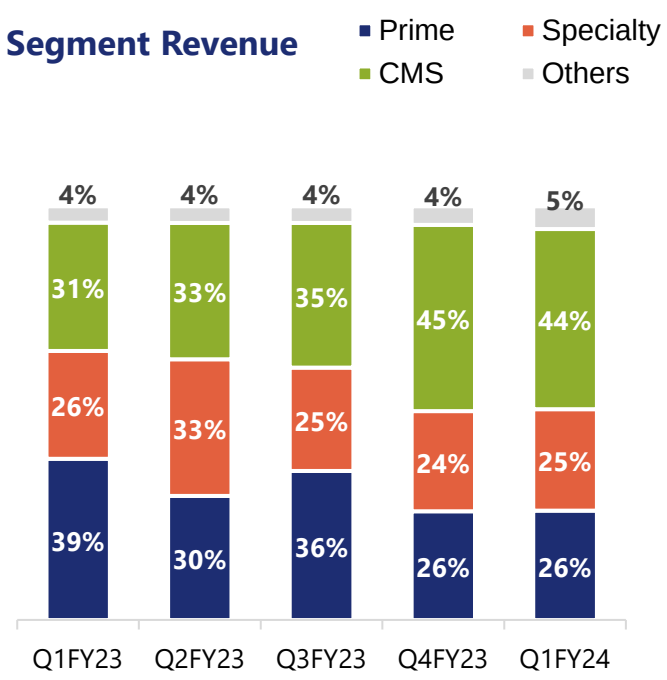
Key Balance Sheet Metrics

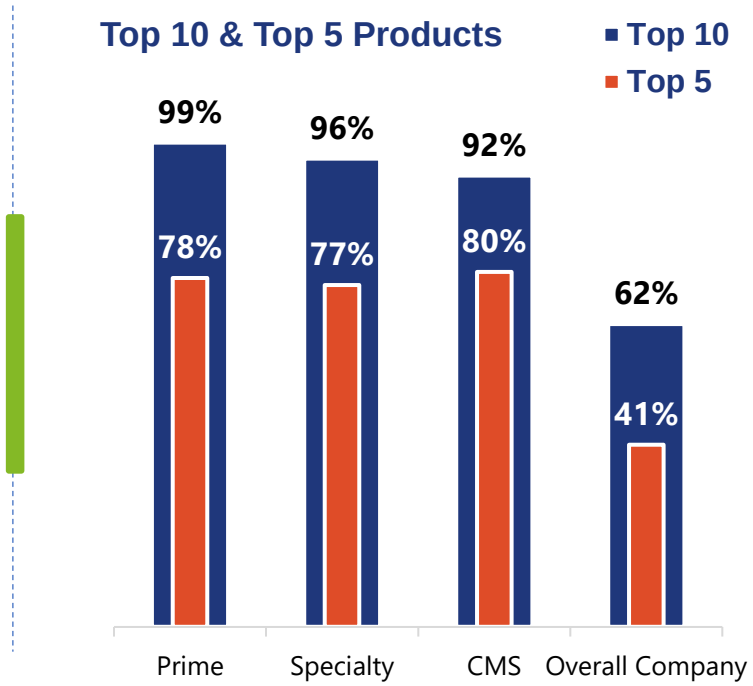


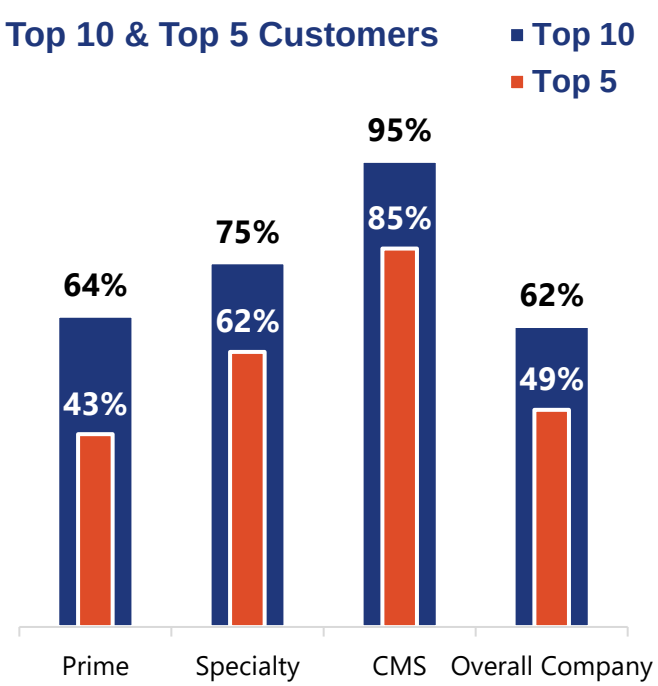
Particulars (Rs Cr)	Mar-20	Mar-21	Mar-22	Mar-23	Jun-23
Shareholders Funds	705.5	781.9	835.6	988.4	1050.6
Net Debt	199.9	152.1	212.0	63.0	24.4
Tangible Assets (including CWIP and Investment property)	391.1	437.9	497.2	511.2	523.3
Working Capital	289.4	308.6	376.8	463.0	473.9

*ROCE: Q1FY24 ROCE Calculated based on annualised EBIT and Average Capital Employed
**Fixed Asset Turnover: Q1FY24 is annualised

Key Operating Metrics Q1FY24





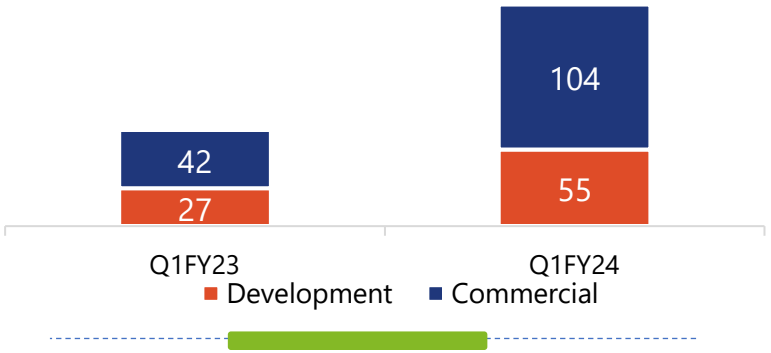


- Steady shift from low margin Prime to high margin Specialty and CMS segments
- CMS business caters to Innovator customers on an exclusive basis, developing and manufacturing APIs/Intermediates in line with rigorous customer expectations hence is highly concentrated in terms of customers
- Specialty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

CMS – Revenue Split & Number of Active Projects

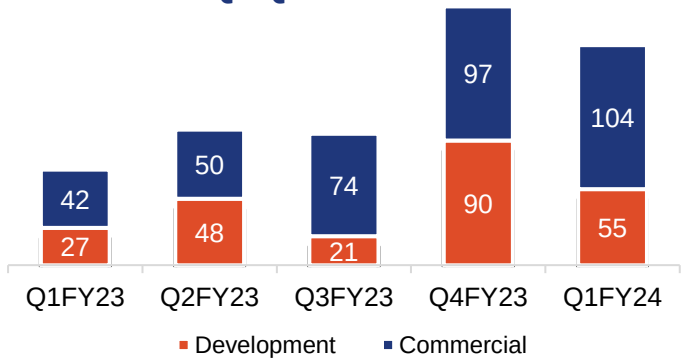
Rs. Cr

YoY Movement



Rs. Cr

QoQ Movement



No. of active CMS projects

Q1FY24	Pre-Clinical	P-1	P-2	P-3	Pre-Reg/Reg*	Commercial	Total
API	14	5	10	4	8	8	49
Intermediate	6	4	6	4	7	11	38
Grand Total	20	9	16	8	15	19	87

Q1FY23	Pre-Clinical	P-1	P-2	P-3	Pre-Reg/Reg	Commercial	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

Q1FY22	Pre-Clinical	P-1	P-2	P-3	Pre-Reg/Reg	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

Q1FY21	Pre-Clinical	P-1	P-2	P-3	Pre-Reg/Reg	Commercial	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

- Pre-clinical to P-3: Neuland generates revenue by process research & development as well manufacturing quantities for clinical trials
- *Pre-Reg/Reg: Phase-3 complete; Molecules filed but not yet commercial (Earlier labelled as 'Development')
- 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

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Company overview

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Key Facts

39+
Years of experience

959+
DMFs Filed worldwide

100+
API across 10 therapeutic areas

75%
Revenue from exports

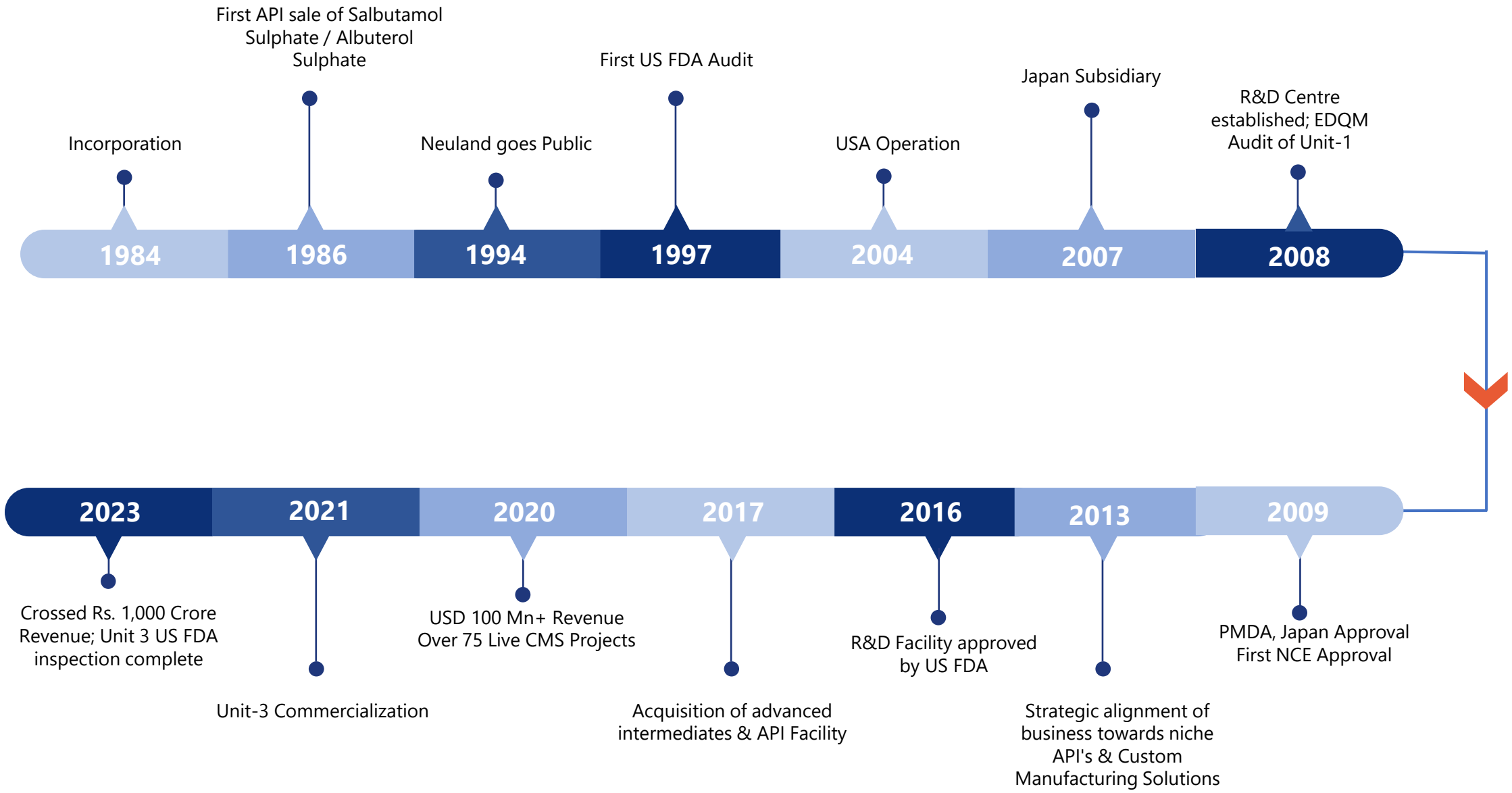
80+
Countries Served

65
Active US DMFs

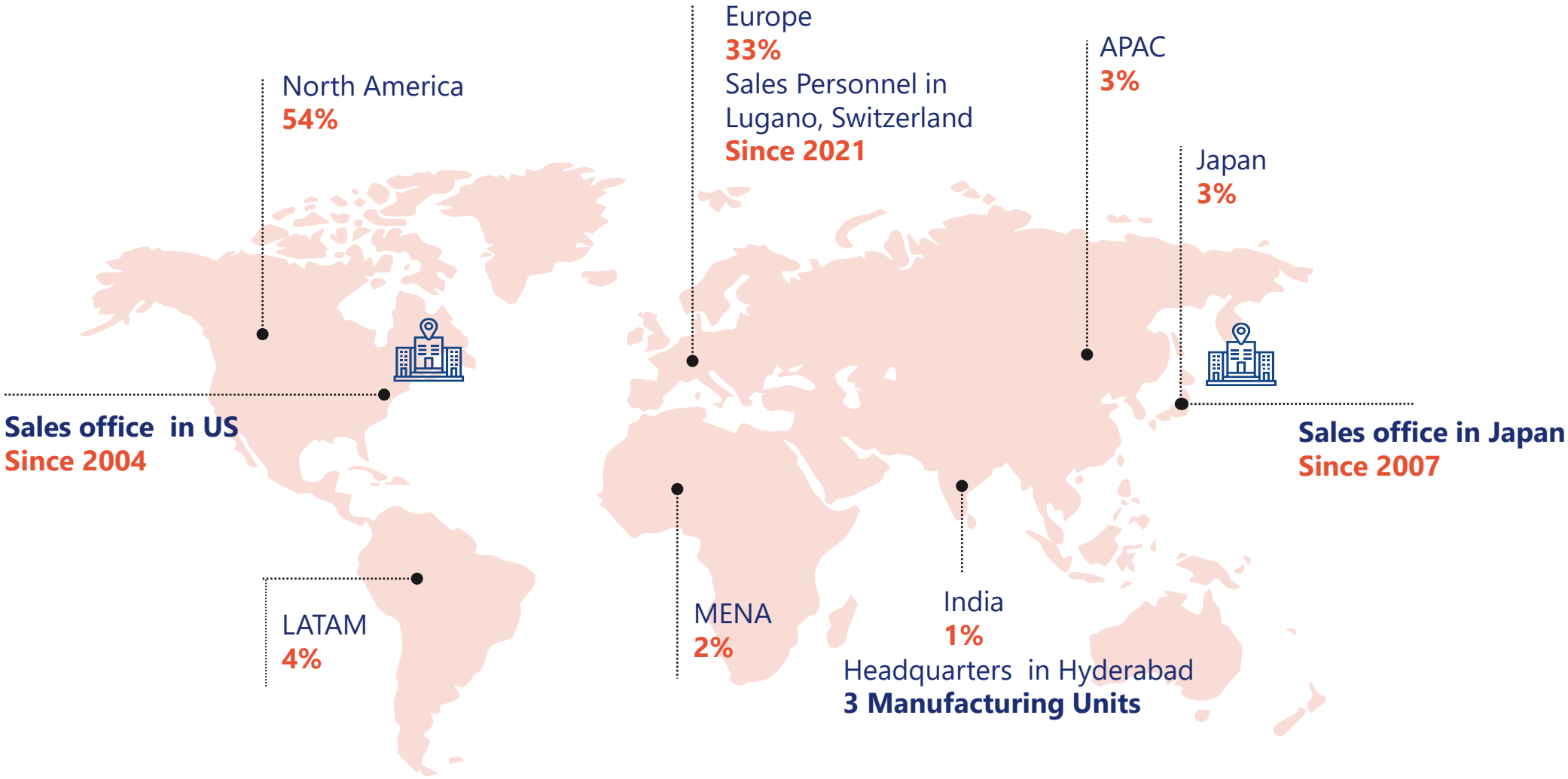
907KL
API Manufacturing Capacity

1626
Employees

How We Got Here: Key Milestones



Our Reach



Manufacturing and development partner to customers in over 80 countries globally

% refers to Q1FY24 Sales by End Market

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	US FDA, EDQM, PMDA, ANVISA, et al.	**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
- Approvals for Department of Scientific and Industrial Research (DSIR), Government of India and US FDA
- 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 -
  - ✓ 950+ 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

264 ROW filings including Turkey, Mexico, Brazil etc

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

29 CEPs Received for different products

19 filings with KFDA Korea

26 filings with TGA

959+
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
EBITDA Margin	*15.8%*	*14.3%*	*17.3%*	*16.8%*	*10.6%*	*9.2%*	*13.7%*	*17.1%*	*15.1%*	*23.4%*
PAT	26.6	15.9	34.8	41.4	13.6	16.1	15.9	80.3	63.5	163.1
PAT Margin	*5.7%*	*3.4%*	*6.7%*	*7.1%*	*2.5%*	*2.4%*	*2.1%*	*8.4%*	*6.7%*	*13.6%*
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

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

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 – V
Enable employee readiness to deliver on strategic business priorities.

Strategic Priority – VI
GDS business focused on Quality-conscious customers and Pipeline Products differentiated on technology.

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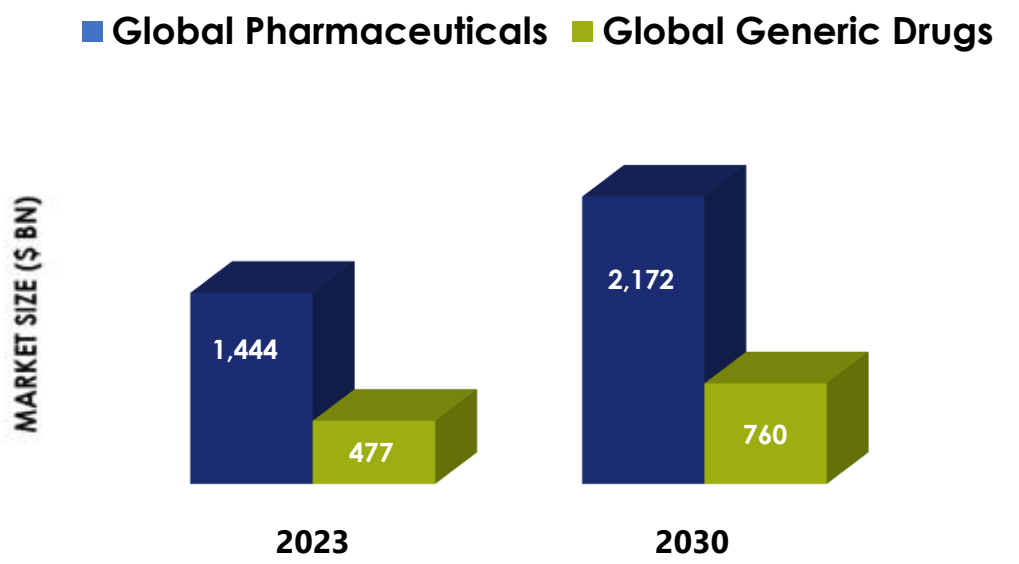
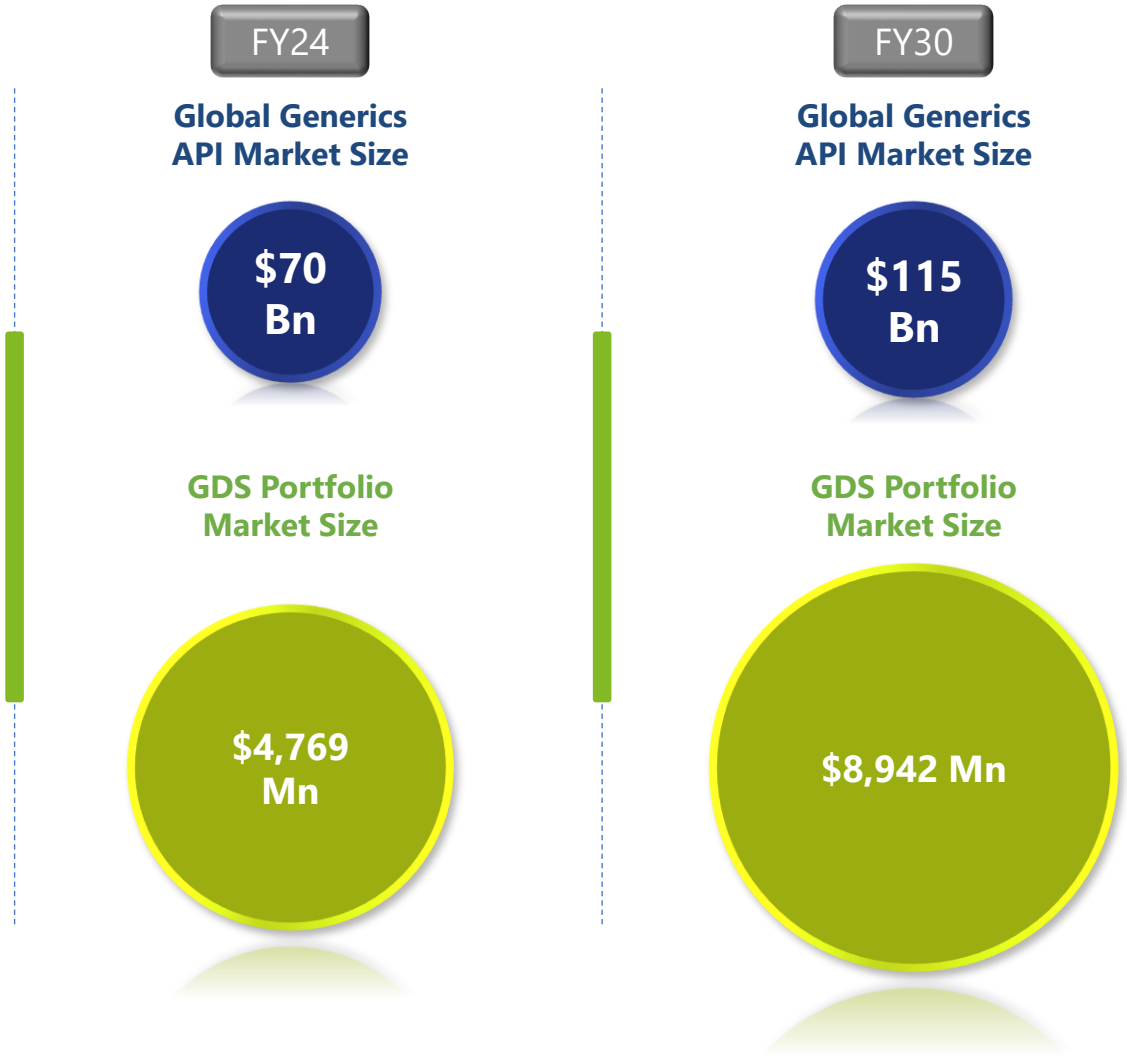
GDS Strategy

Global Outlook of Pharmaceutical Industry



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%

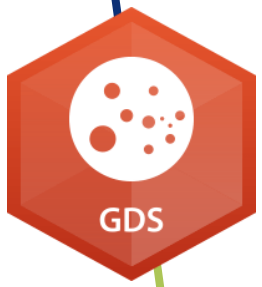


Source: IQVIA Reports & MIDAS Database, Neuland internal estimates

Focus Area

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

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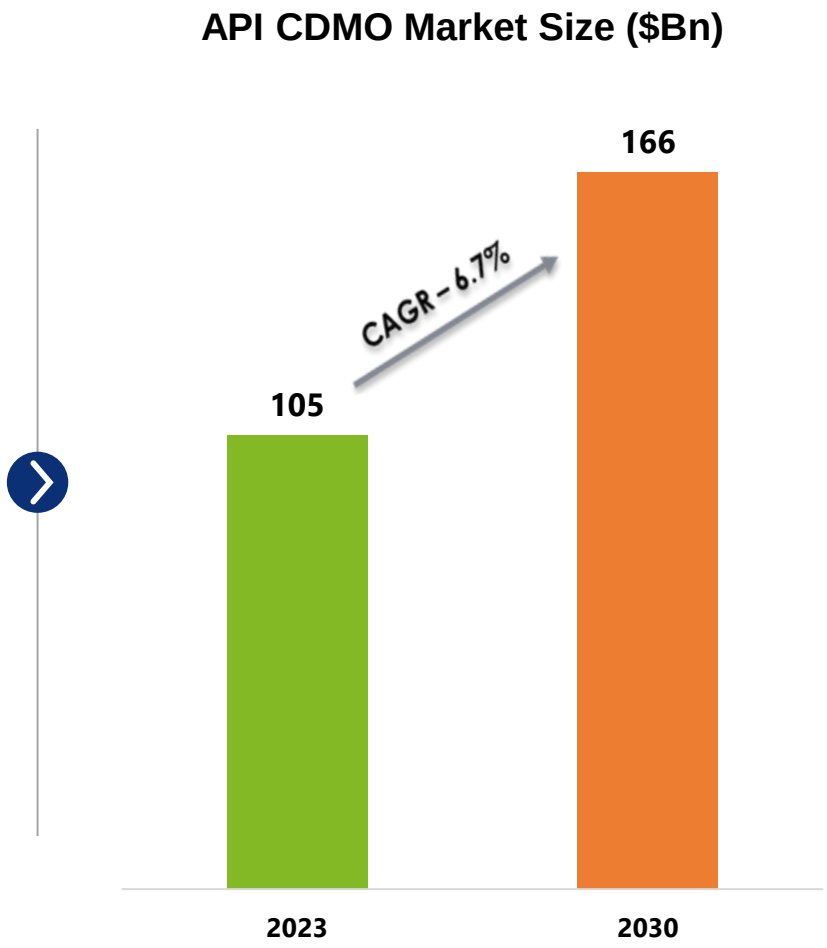
CMS Strategy

Global Outlook of CDMO Industry

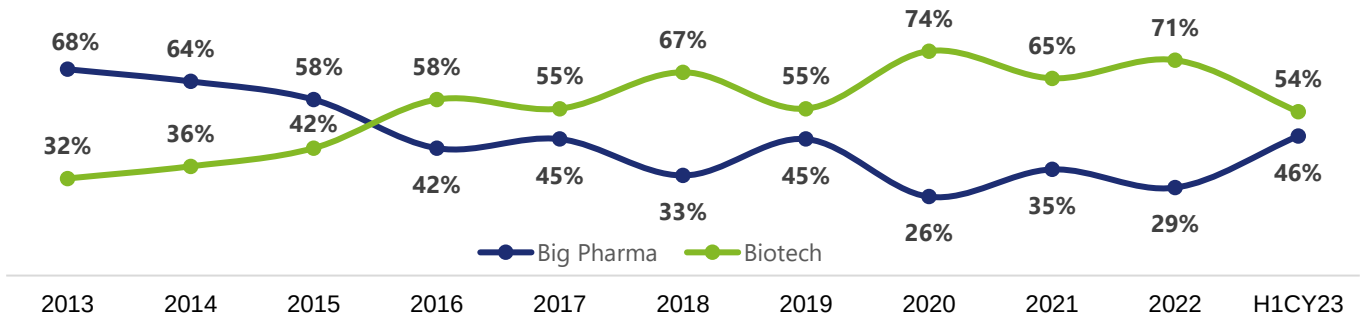
- CDMOs are strengthening their position as indispensable partners and creating strategic, integrated partnerships with innovators
- CDMOs are becoming more agile to meet increasing demand for diverse projects
- Rise in M&A and PE investments has resulted in increased focus on CDMO business
- CDMO market expected to be driven by rising rates of chronic and lifestyle diseases
- CDMOs are expanding beyond traditional technologies and producing advanced therapies while becoming end to end service providers
- Big Pharma also acting as CDMOs



Source: PWC Report- 2022 Global CDMO Study of Pharmaceutical Operation, Neuland internal estimates

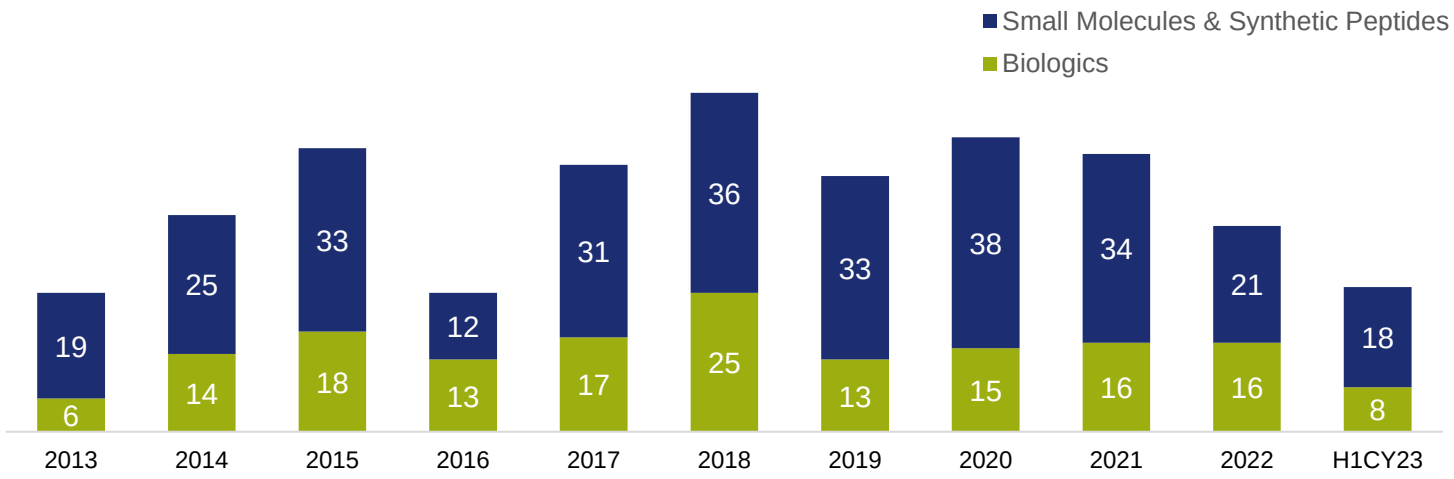
Big Pharma vs Biotech Drug Approval Trend

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

Source: USFDA NME Drug Approval database

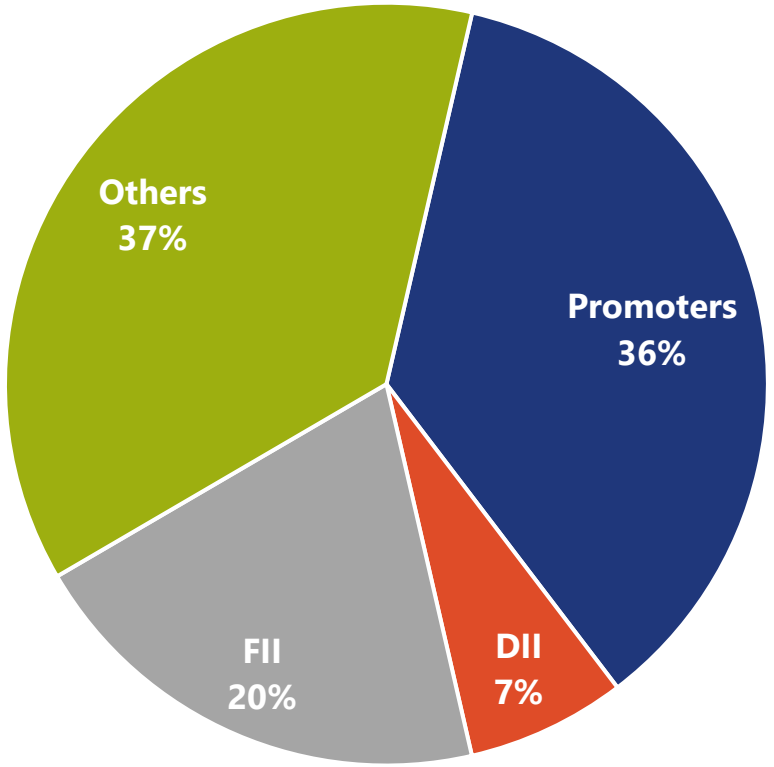
Focus Areas

1. Continue to invest in R&D capabilities and manufacturing technologies to attract more RFPs while improving conversion rate
2. Lifecycle management of commercial products
3. Continue to focus on molecules in Phase II and later stages of development
4. Continue business development focus on biotech companies
5. Diversify geographic focus

Shareholder Information

4

Shareholding Details



Share Information (as on 30th June 2023)	
NSE Ticker	NEULANDLAB
BSE Ticker	524558
Market Cap (Rs. Cr)	3,632
% free-float	63.97%
Free-float market cap (Rs. Cr)	2,323
Shares Outstanding	1,28,29,889
3M Average Daily Traded Volume (ADTV) (Shares)*	1,09,532
3M Average Daily Traded Value (In Rs. Cr)*	28.58
Industry	Pharmaceuticals

** Source: BSE & NSE*

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Annexure 5

Profit & Loss Snapshot (Standalone)

Particulars (Rs Cr)	Q1FY24	Q1FY23	YoY (%)	Q4FY23	QoQ (%)
Total Income	365.0	221.7	64.7%	415.1	(12.1)%
EBITDA	99.3	29.0	242.5%	127.8	(22.3)%
EBITDA Margin	*27.2%*	*13.1%*	*1410 bps*	*30.8%*	*(360) Bps*
Profit Before Tax	83.5	13.3	526.3%	110.0	(24.1)%
PBT Margin	22.9%	6.0%	*1690 bps*	26.5%	*(360) Bps*
Profit After Tax	62.2	9.8	532.3%	84.5	(26.4)%
PAT Margin	17.0%	4.4%	*1260 bps*	20.4%	*(340) Bps*
EPS (Rs.)	48.5	7.7	532.3%	65.9	(26.4)%

Sustainability at Neuland

Climate change
Reducing greenhouse gas (GHG) emissions intensity and moving towards a balanced portfolio of low carbon energy management

Resource Management
Growing and innovating business solutions through R&D and minimize the use of resources

Local Environmental Protection
Minimizing negative environmental impacts and ensuring the highest standards of EMS

Corporate Governance
Maintain an effective governance and decision-making structure

Ethical Business and Compliance
Fostering an ethical culture and conducting business with integrity and ensure all legal and regulatory compliance

Risk Management
Ensure effective identification of material risks, adequate and effective risk management and internal control

Health & Safety
Making health and safety an integral part of everyday business and culture

People
Creating value and performance culture. Providing work-life balance and engaging employment experience where they can grow and excel

Community
Contributing to the sustainable development of communities through engagement & partnerships and investing in 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 Phase-3 is over, and molecules have been filed but not yet commercial.
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

Source: FDA.gov, Neuland

For over 39 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 100 APIs and has filed over 959+ Regulatory filings in the US (65 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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