



# Neuland Laboratories Limited

INVESTOR PRESENTATION  
Q3FY24 & 9MFY24

# 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.*

# Table of Contents

A diagram showing a hierarchical structure of a Table of Contents. At the top is a red rounded rectangle containing the title 'Table of Contents'. A vertical line descends from the center of this rectangle to a horizontal line. From this horizontal line, five vertical lines descend to five separate content blocks. Each vertical line has a small red dot at the top where it meets the horizontal line. Each content block consists of a white square with a large black number (1 through 5) and a dark blue rectangle below it containing the title of the section in white text. The background is a faded image of a modern building and trees.

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# Q3FY24 & 9MFY24 Highlights

1







## **SUCHETH DAVULURI**

*"We are pleased to report another quarter of strong YoY topline growth of 46% to Rs 395 crores. The EBITDA margin of 31.1% is a factor of the business mix as well as improved operational leverage. Even as we see this as a validation of Neuland's business model, we are focussed on continuously improving operations across the company. We are investing both on infrastructure and our people so that we can deliver on our long-term plans."*

## **SAHARSH DAVULURI**

*"Our CMS business saw healthy growth led by commercial as well as projects close to commercialization. The increasing interest from customers with exciting pipelines establishes Neuland's reputation as a well-regarded CDMO. As the quality and size of our business grows, we are gaining a better visibility of our future and planning accordingly"*





## 9MFY24 Business and Financial Highlights

### **CMS**

CMS revenues driven by growth from commercial molecules and molecules close to commercialization.

### **GDS**

Specialty business driven by Paliperidone , Ezetimibe, Apixaban and Dorzolamide  
In the Prime segment Mirtazapine and Escitalopram 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)

### **Sustainability rating**

S&P ESG rating of 64

### **Free Cash Flow (FCF) generation and utilisation**

Generated Free Cash Flow of Rs. 129.0 crores during 9MFY24, partly utilised to reduce debt by Rs 38.8 crores  
Capex Investment of Rs 68.2 crores for enhancement of capabilities

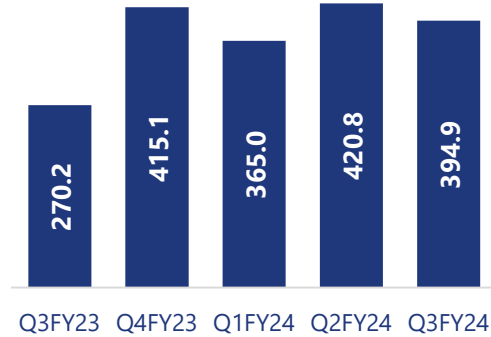
### **Working Capital**

Reduction in working capital cycle to 118 days in 9MFY24 as compared to 137 days in 9MFY23

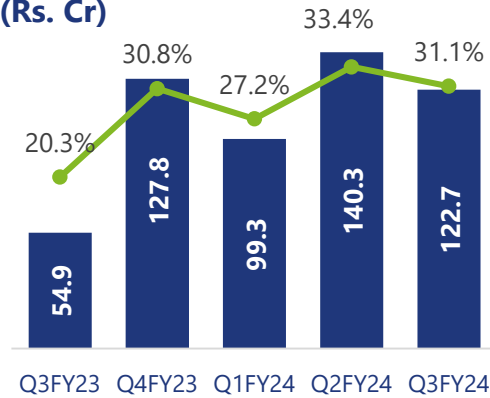


# Q3FY24 Financial Highlights

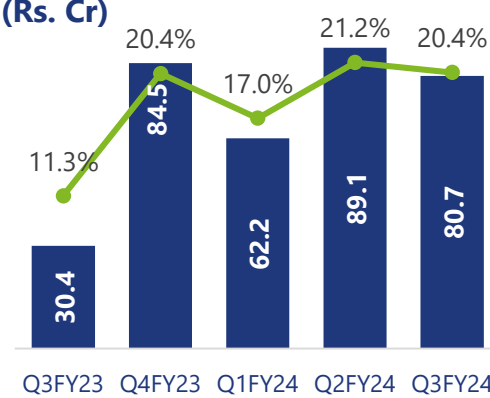
**Total Income**  
(Rs. Cr)



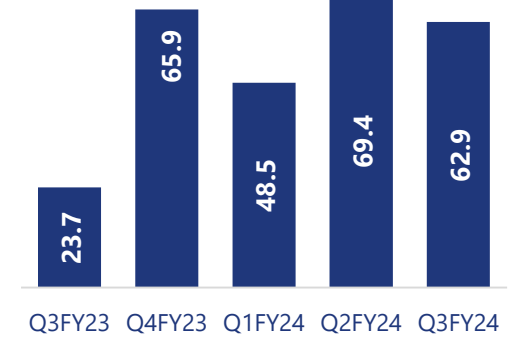
**EBITDA**  
(Rs. Cr)



**PAT**  
(Rs. Cr)



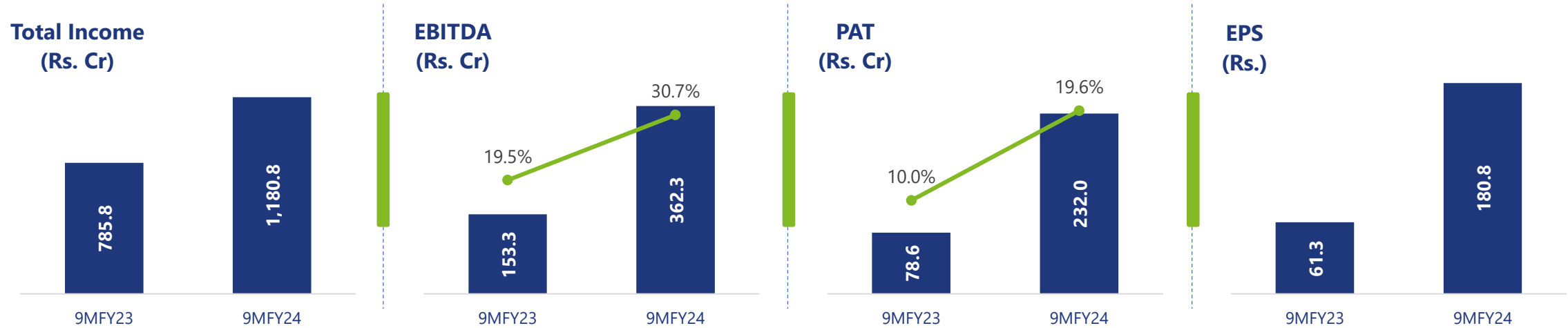
**EPS**  
(Rs.)



## Financial Highlights

- Total Income for Q3FY24 at Rs. 394.9 crore (+46.2% YoY)
- EBITDA for Q3FY24 at Rs. 122.7 crore (+123.5% YoY)
- EBITDA Margin for Q3FY24 at 31.1% (increased by 1080 bps YoY)
- PAT for Q3FY24 at Rs. 80.7 crore (+165.1% YoY)
- Net Debt stood at Rs. (44.6) crore as at Q3FY24 end compared to Rs. 72.0 crore as at Q3FY23 end and Rs (39.4) crore as at Q2FY24 end

# 9MFY24 Financial Highlights



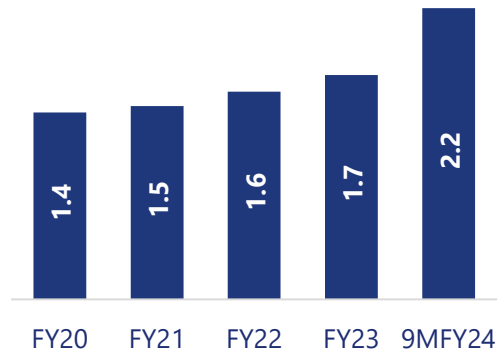
## Financial Highlights

- Total Income for 9MFY24 at Rs. 1,180.8 crore (+50.3% YoY)
- EBITDA for 9MFY24 at Rs. 362.3 crore (+136.4% YoY)
- EBITDA Margin for 9MFY24 at 30.7% (increased by 1120 bps YoY)
- PAT for 9MFY24 at Rs. 232.0 crore (+195.1% YoY)
- Net Debt stood at Rs. (44.6) crore as at Q3FY24 end compared to Rs. 72.0 crore as at 9MFY23 end

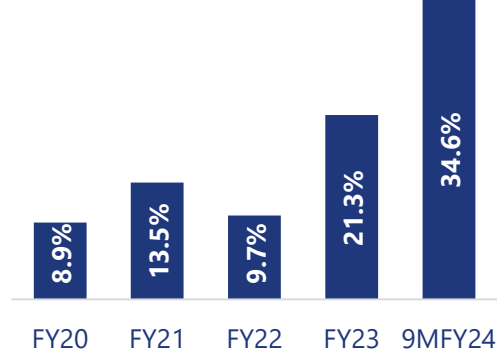


# Key Balance Sheet Metrics

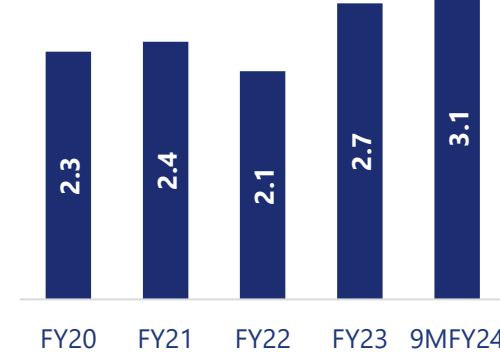
Current Ratio(x)



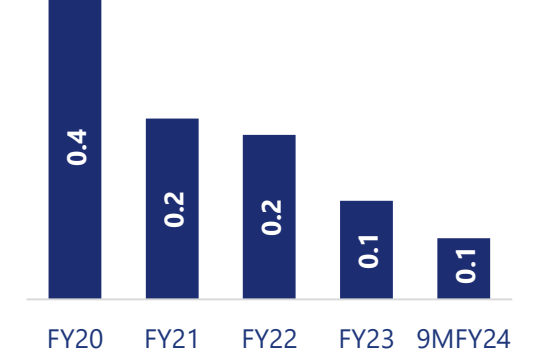
ROCE (%)\*



Fixed Asset Turnover (x)\*\*



Debt to Equity (x)



Particulars (Rs Cr)	Mar-20	Mar-21	Mar-22	Mar-23	Dec-23
Shareholders Funds	705.5	781.9	835.6	988.4	1,208.0
Net Debt	199.9	152.1	212.0	63.0	-44.6
Tangible Assets (including CWIP and Investment property)	391.1	437.9	497.2	511.2	530.2
Working Capital	289.4	308.6	376.8	463.0	505.8

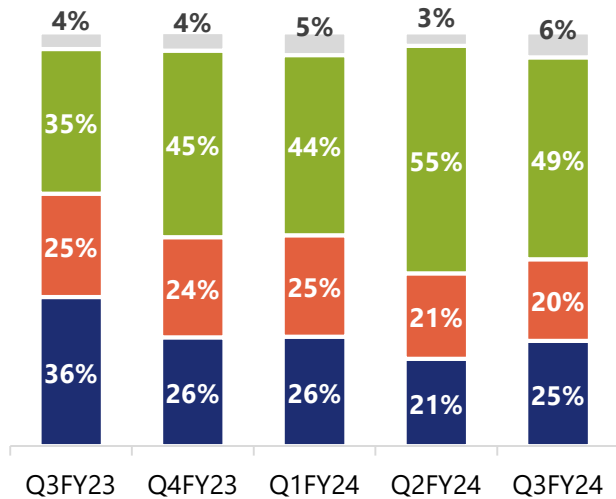
\*ROCE: 9MFY24 ROCE Calculated based on annualised EBIT and Average Capital Employed

\*\*Fixed Asset Turnover: 9MFY24 is annualised

# Key Operating Metrics Q3FY24

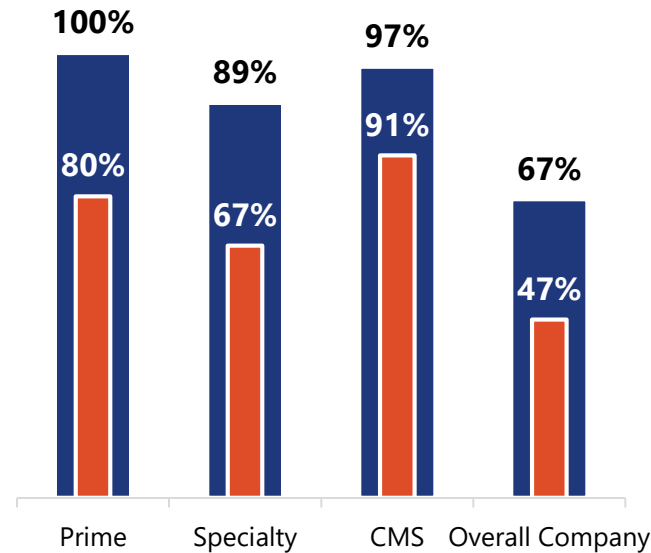
## Segment Revenue

■ Prime  
■ Specialty  
■ CMS  
■ Others



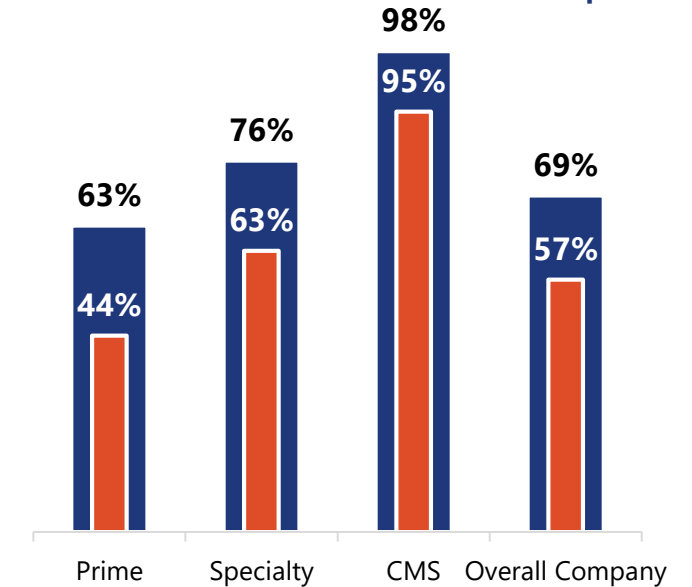
## Top 10 & Top 5 Products

■ Top 10  
■ Top 5



## Top 10 & Top 5 Customers

■ Top 10  
■ Top 5

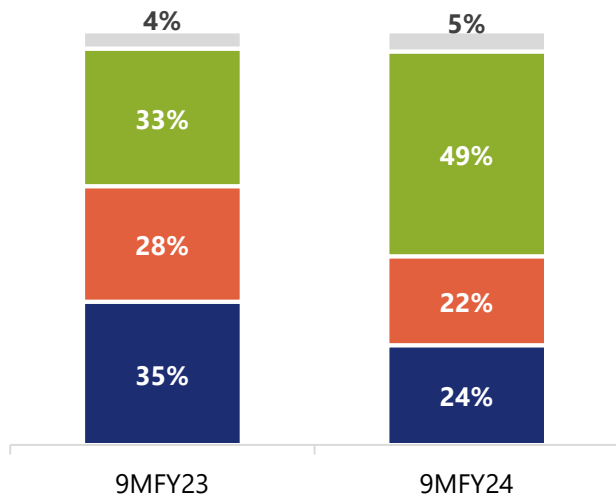


- Steady shift from low margin Prime to high margin Specialty and CMS segments
- CMS business caters to Innovator customers on an exclusive basis, developing and manufacturing APIs/Intermediates in line with rigorous customer expectations hence is highly concentrated in terms of customers
- Specialty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

# Key Operating Metrics 9MFY24

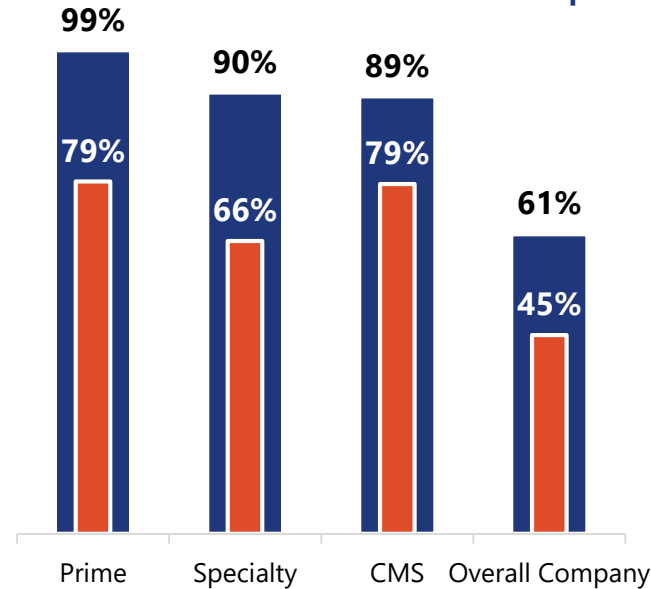
Segment Revenue

■ Prime ■ Specialty  
■ CMS ■ Others



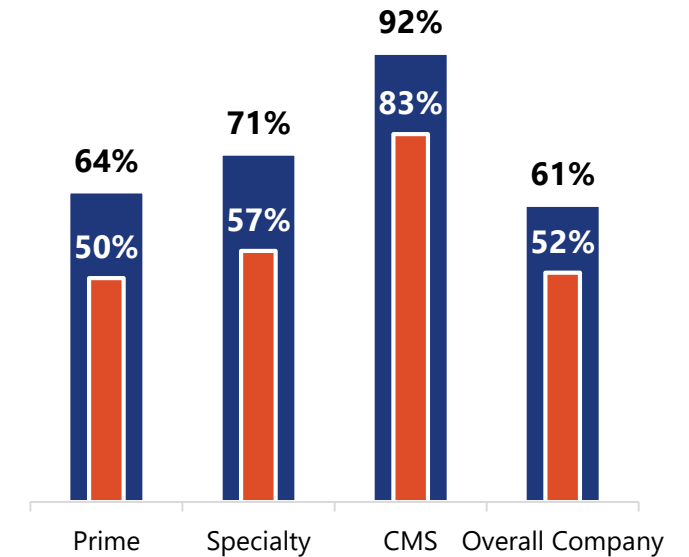
Top 10 & Top 5 Products

■ Top 10  
■ Top 5



Top 10 & Top 5 Customers

■ Top 10  
■ Top 5

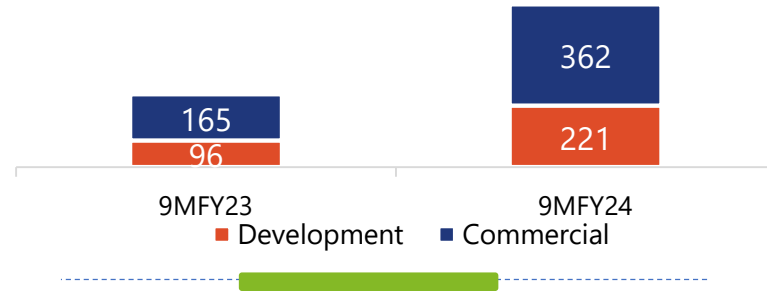


- Steady shift from low margin Prime to high margin Specialty and CMS segments
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- Specialty segment works on complex products and technologies, hence has a focused approach towards select customers

# CMS – Revenue Split & Number of Active Projects

Rs. Cr

YoY Movement



No. of active CMS projects

Q3FY24	Pre-Clinical	P-1	P-2	P-3	Pre-Reg/Reg*	Commercial	Total
API	12	6	12	3	8	8	49
Intermediate	7	4	8	4	6	10	39
Grand Total	19	10	20	7	14	18	88

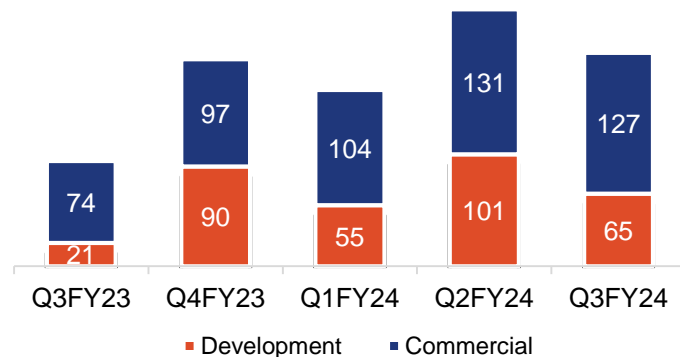
Q3FY23	Pre-Clinical	P-1	P-2	P-3	Pre-Reg/Reg	Commercial	Total
API	17	4	7	5	8	9	50
Intermediate	10	4	4	2	7	12	39
Grand Total	27	8	11	7	15	21	89

Q3FY22	Pre-Clinical	P-1	P-2	P-3	Pre-Reg/Reg	Commercial	Total
API	15	3	8	5	10	7	48
Intermediate	7	5	2	0	8	11	33
Grand Total	22	8	10	5	18	18	81

Q3FY21	Pre-Clinical	P-1	P-2	P-3	Pre-Reg/Reg	Commercial	Total
API	14	4	6	3	10	6	43
Intermediate	7	4	2	3	8	9	33
Grand Total	21	8	8	6	18	15	76

Rs. Cr

QoQ Movement

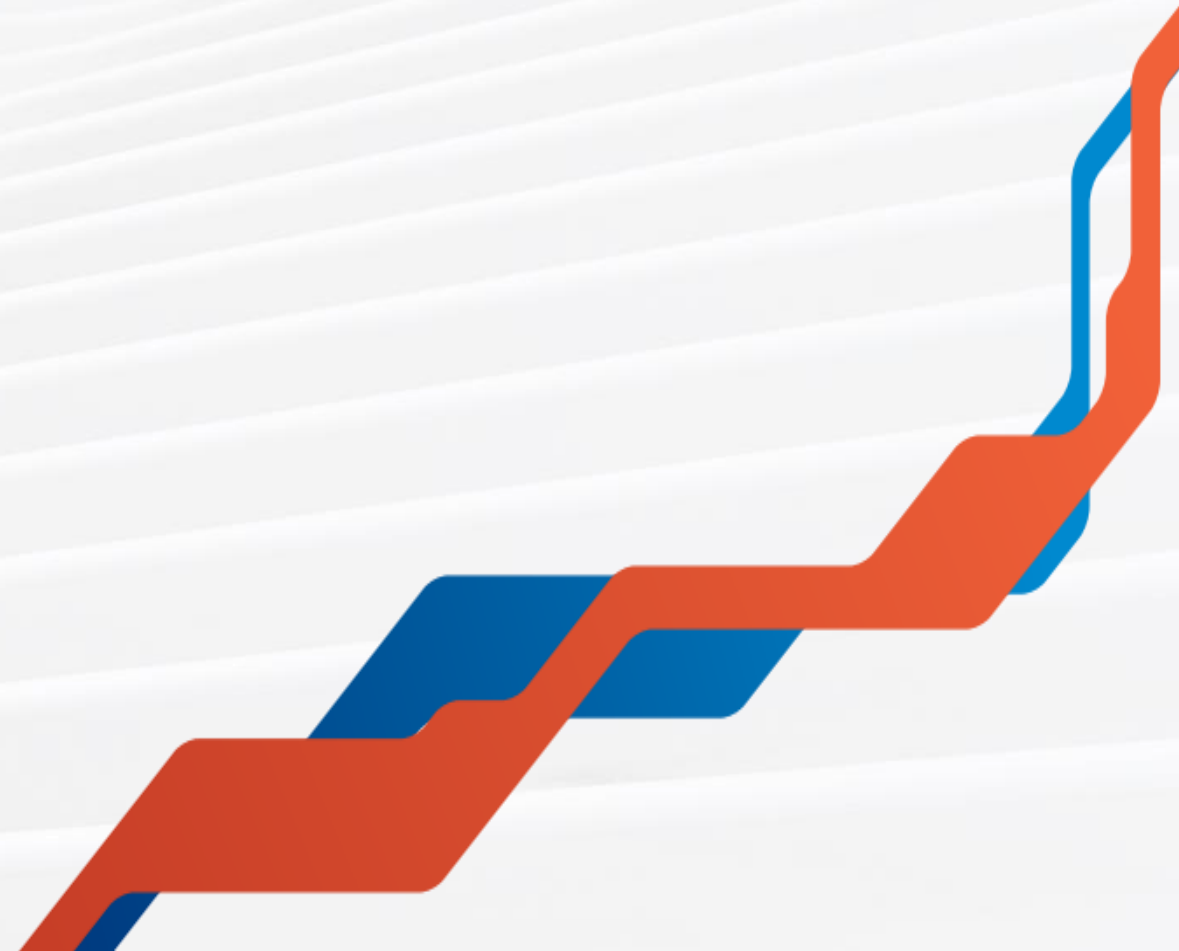


- Pre-clinical to P-3: Neuland generates revenue by process research & development as well manufacturing quantities for clinical trials
- \*Pre-Reg/Reg: Phase-3 complete; Molecules filed but not yet commercial (Earlier labelled as 'Development')
- Commercial: Neuland generates revenues by manufacturing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

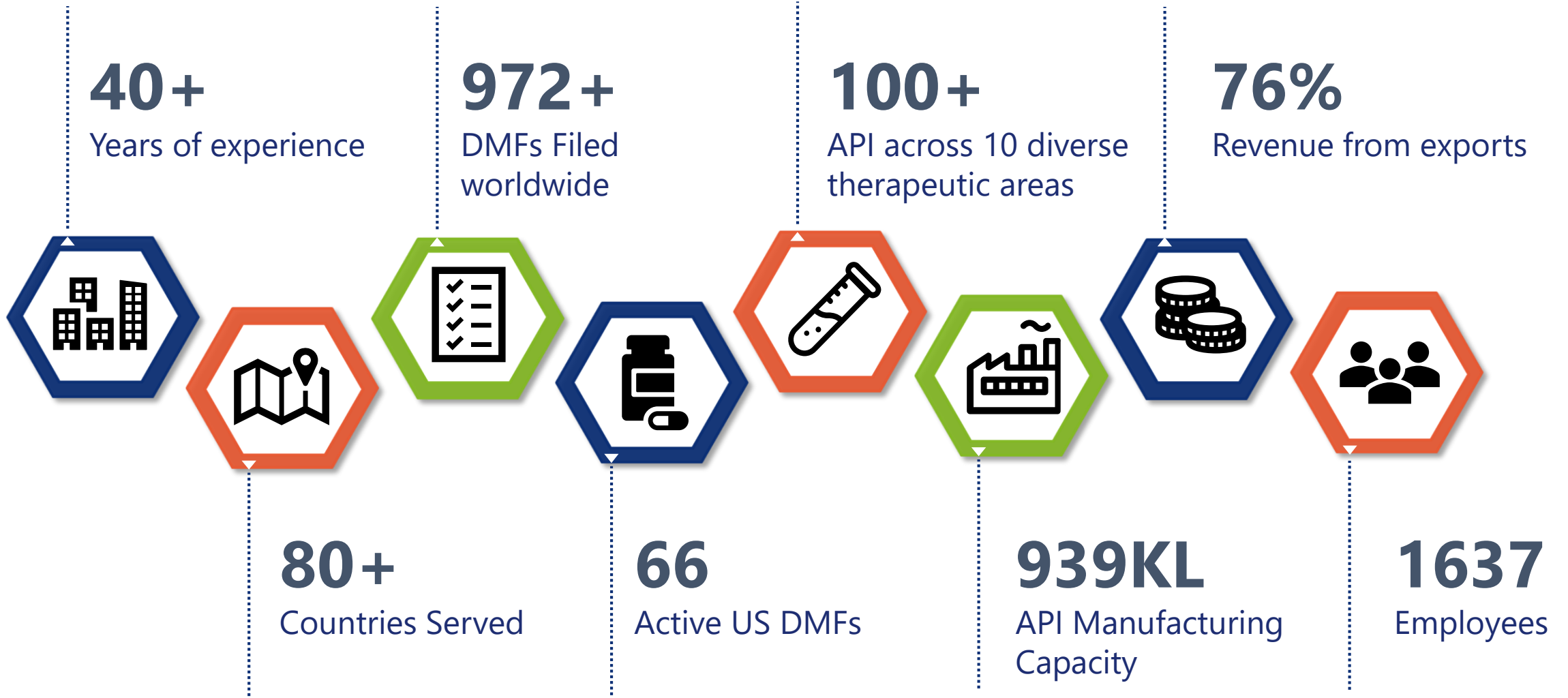


# Company overview

2

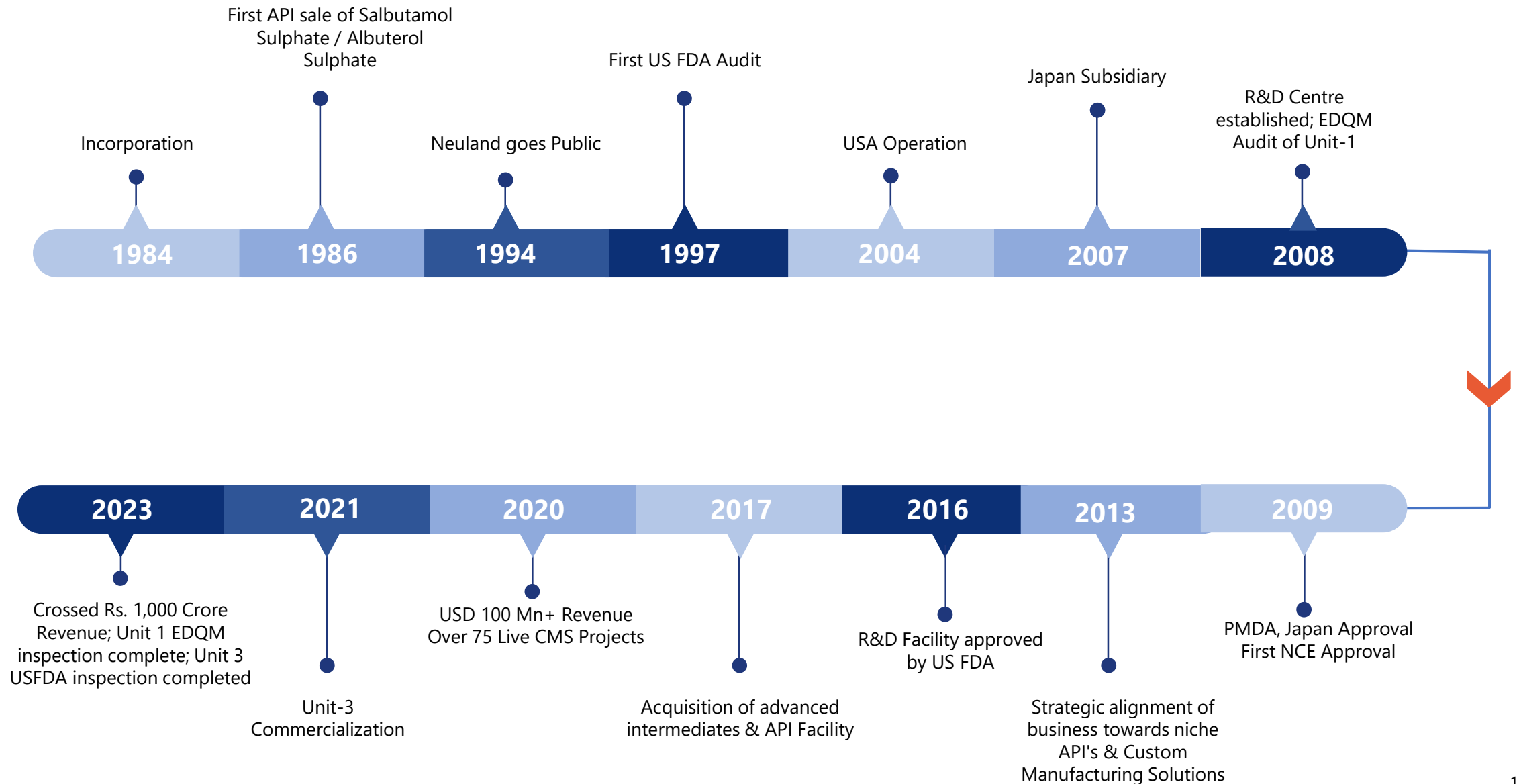


# Key Facts

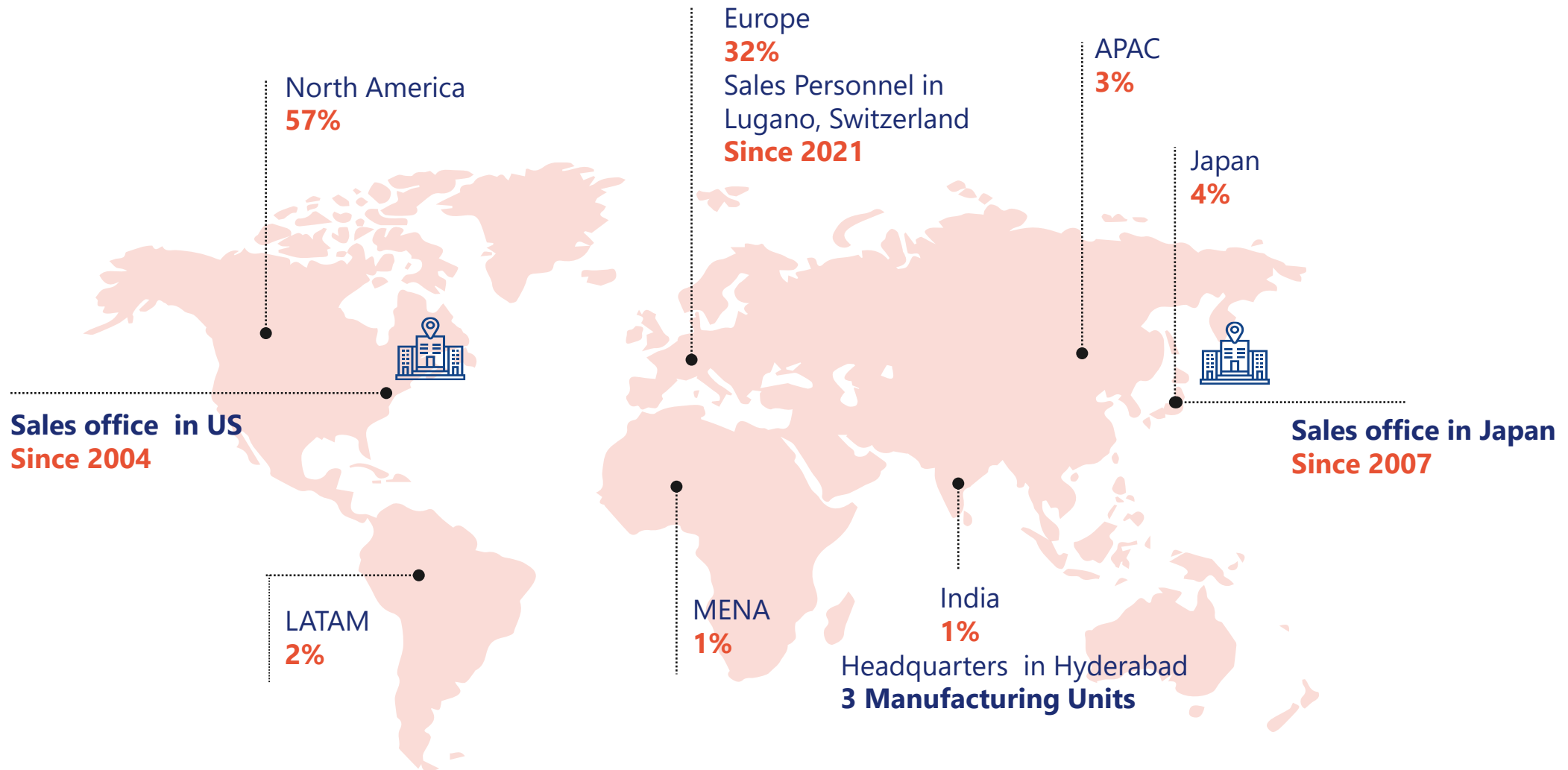




# How We Got Here: Key Milestones






# 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	<b>239 KL</b>
 Unit-2	1994	6 KL	20KLD	15 KL	USFDA, EDQM, PMDA, ANVISA et. al	<b>380 KL</b>
 Unit-3	2017 (Acquired)	Facility creation under process	50KLD	15KL	US FDA, ANVISA, et al.	<b>320 KL</b>

## 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

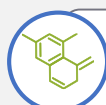
- ▶ Several NCE APIs added in NDA or commercial stage drugs
- ▶ Support for multiple APIs each year in Phase 2 and Phase 3 clinical candidates
- ▶ Generic API business -
  - ✓ 950+ DMFs filed
  - ✓ 300+ API processes developed
  - ✓ 204+ patents filed. Received USPTO patent for improved process synthesis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



**66** DMFs with  
USFDA



**32** Filings with Health  
Canada



**10** Japanese DMF filed



**17** China DMF filed



**271** 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



**28** filings with TGA

**972+**  
Filings till date

# 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 – 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 Priorities

## 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.



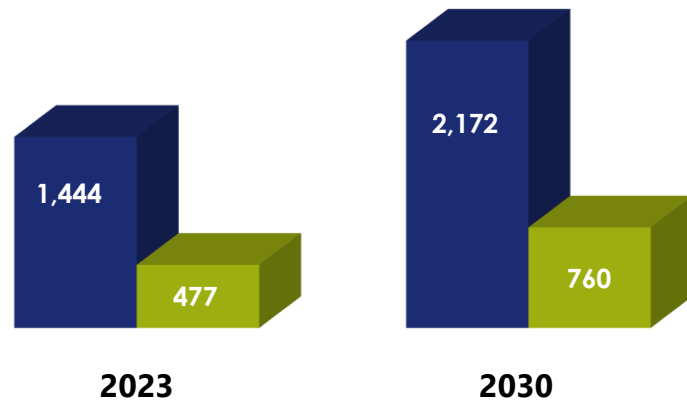


# GDS Strategy

# 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

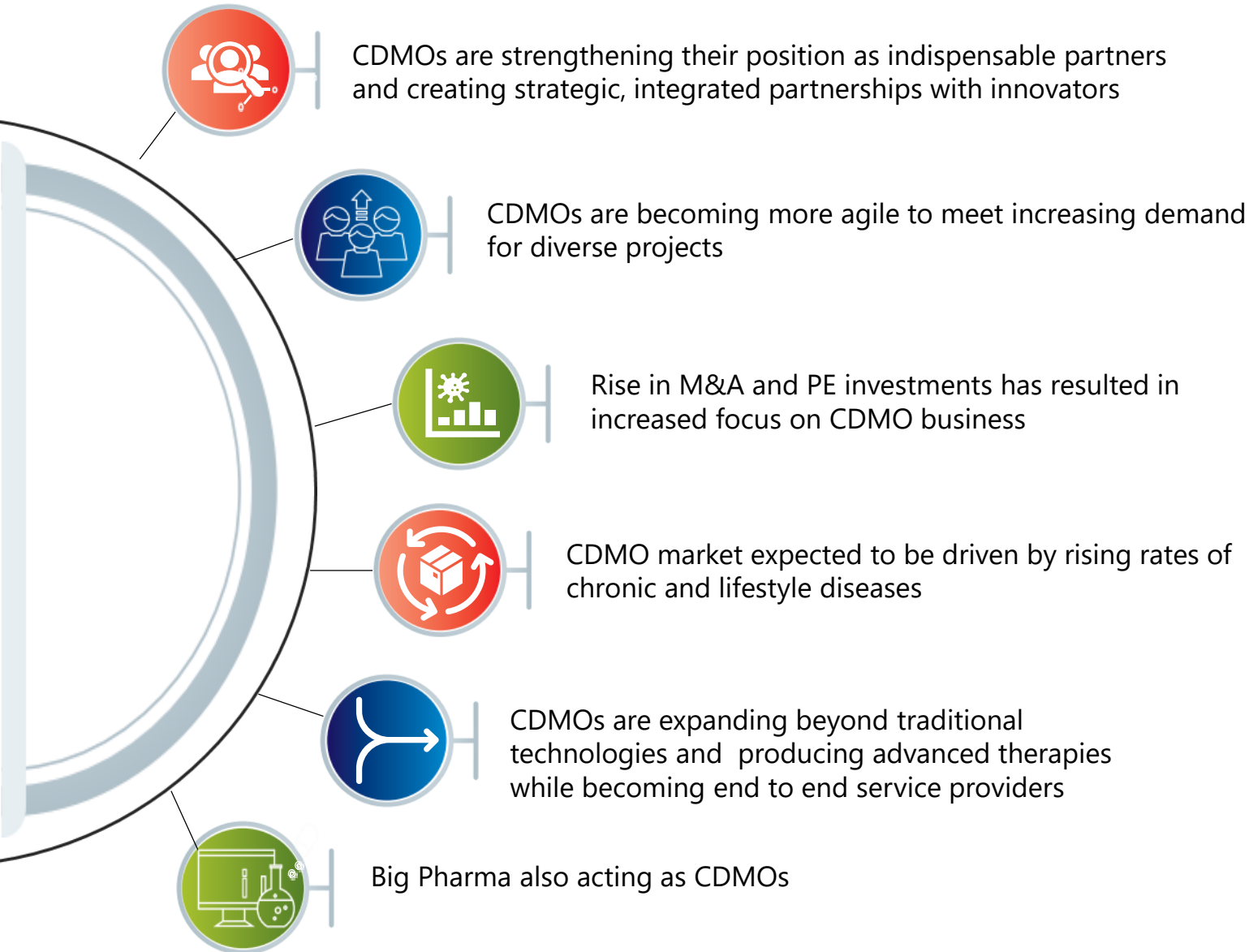


# CMS Strategy

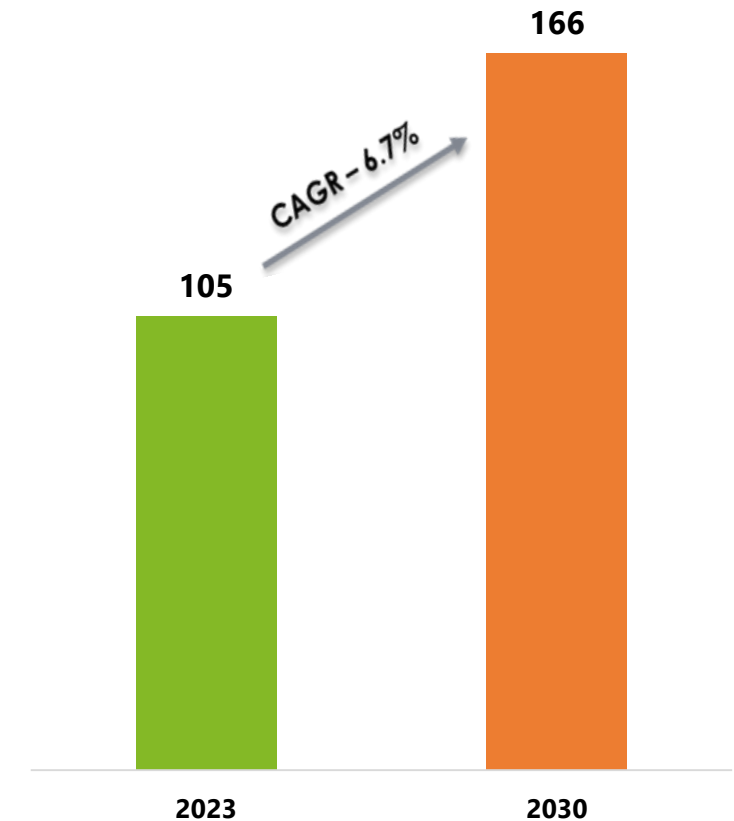




# Global Outlook of CDMO Industry

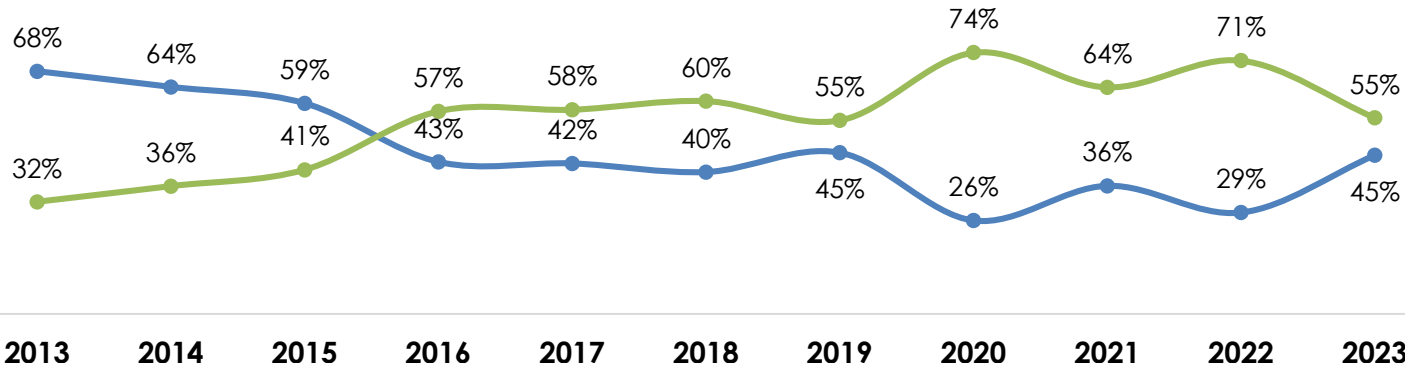


API CDMO Market Size (\$Bn)



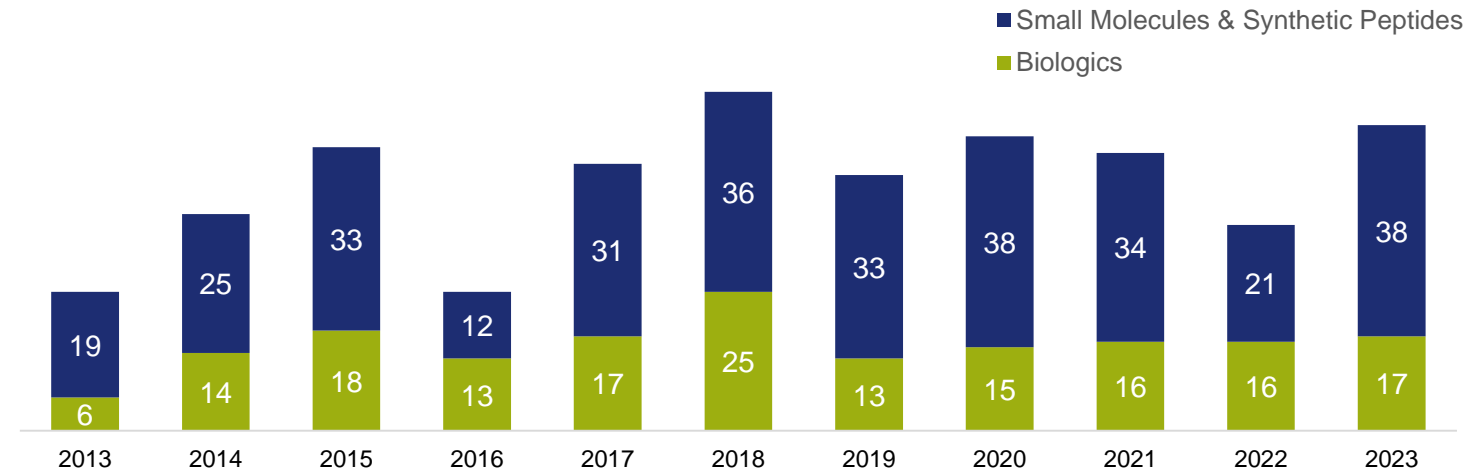
# Big Pharma vs Biotech Drug Approval Trend

## Small Molecules & Synthetic Peptides Approvals

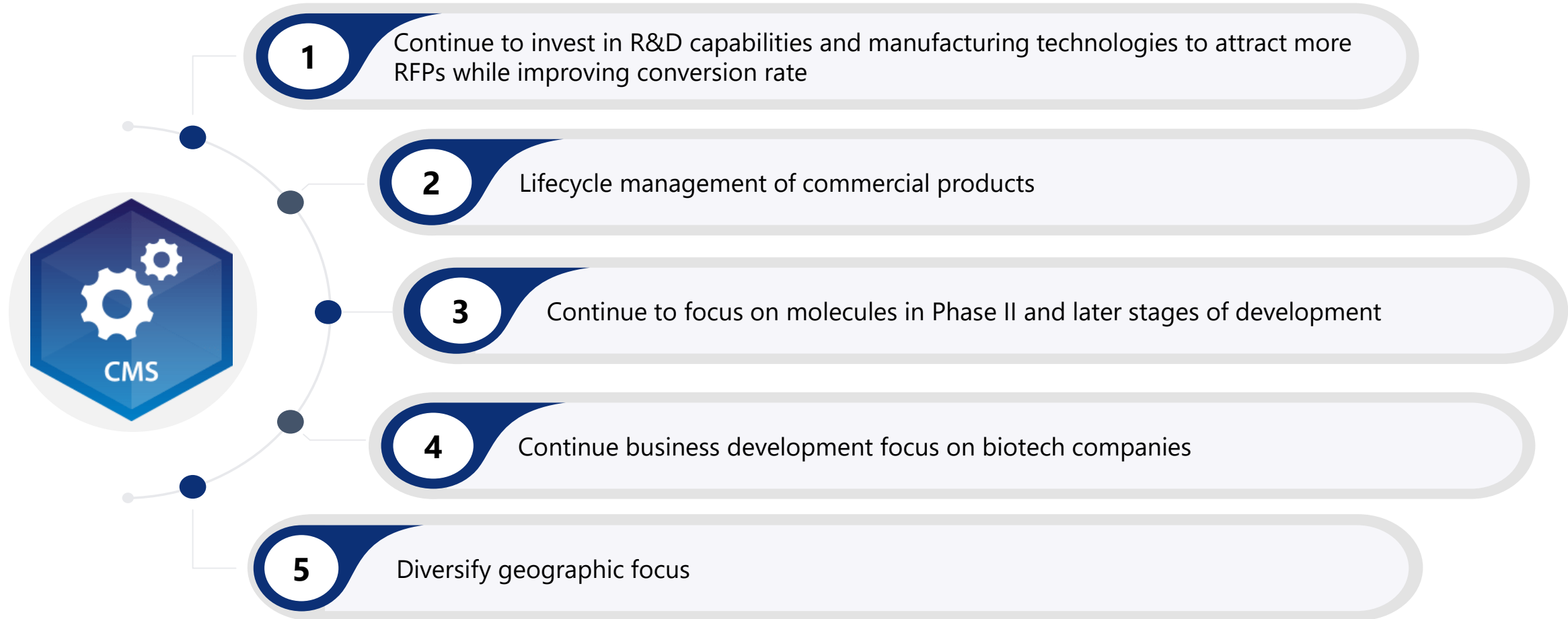


Biotech companies are more aggressive in focusing on small molecules, hence they have a higher approval rate compared to Big Pharma companies, which are continuing to focus on biologics

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



Small molecules had higher number of approvals compared to Biologics

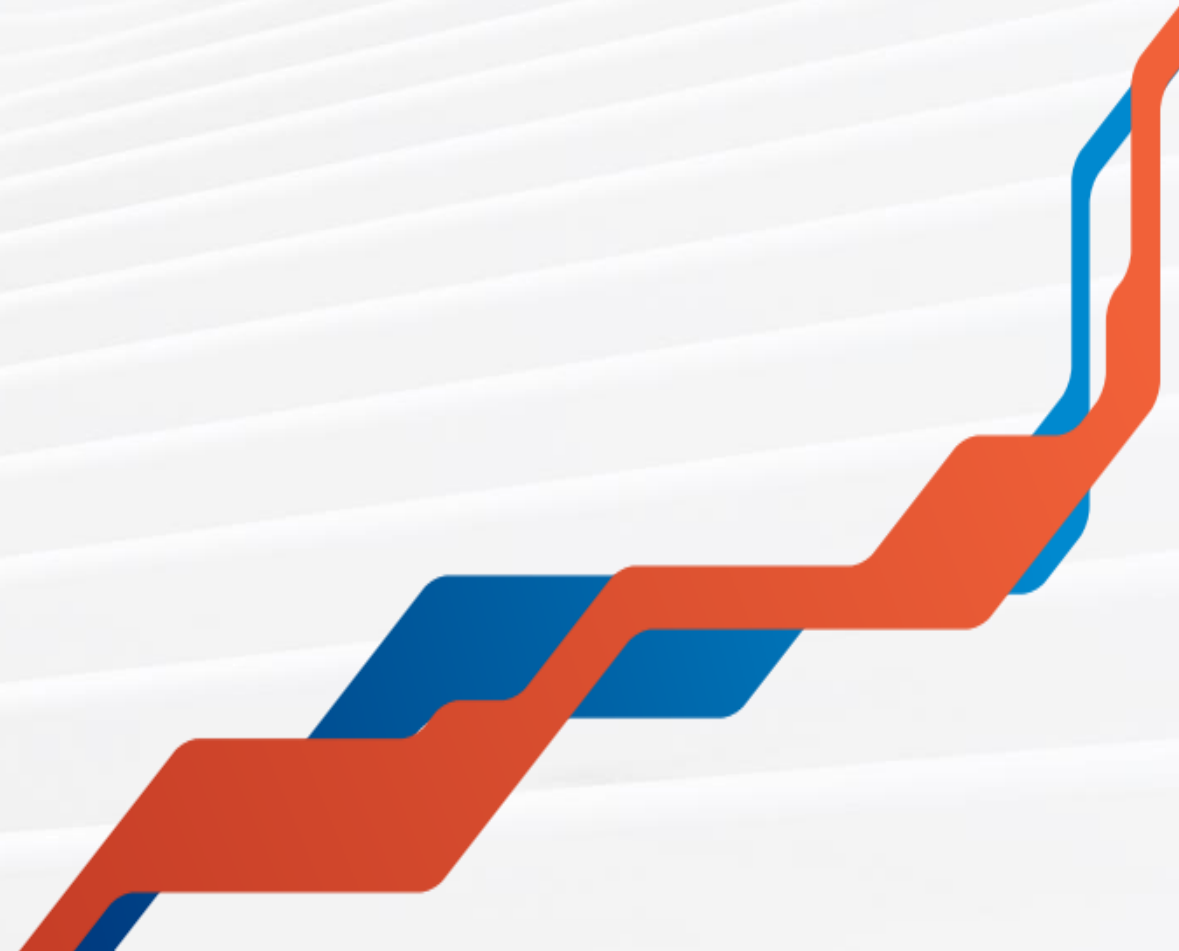




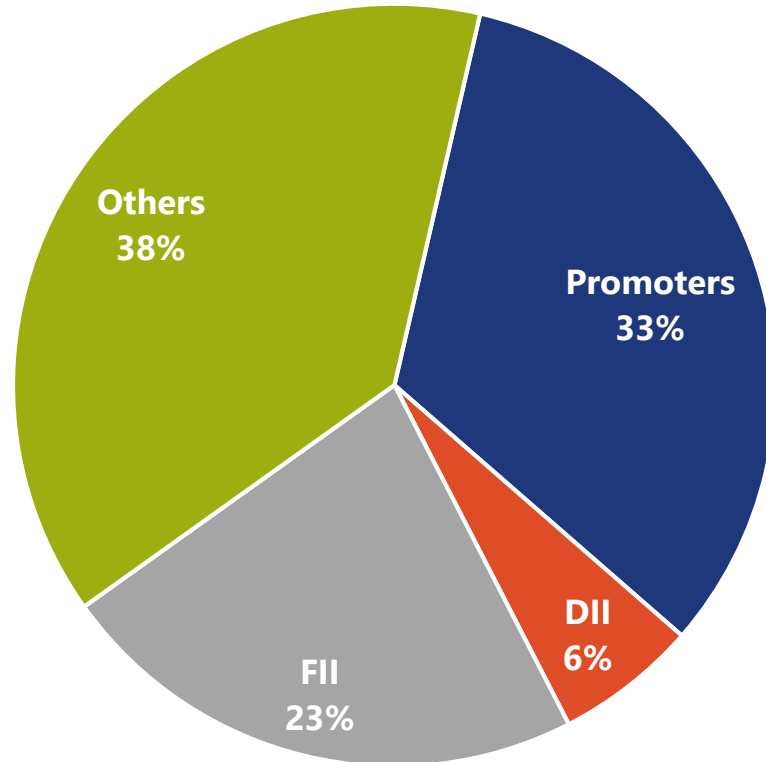
# Shareholder Information



4



# Shareholding Details



## Share Information (as on 31<sup>st</sup> Dec 2023)

NSE Ticker	NEULANDLAB
BSE Ticker	524558
Market Cap (Rs. Cr)	6,784
% free-float	67.20%
Free-float market cap (Rs. Cr)	4,559
Shares Outstanding	1,28,29,889
3M Average Daily Traded Volume (ADTV) (Shares)*	59,654
3M Average Daily Traded Value (In Rs. Cr)*	28.99
Industry	Pharmaceuticals

\* Source: BSE & NSE



**Annexure**

**5**





# Profit & Loss Snapshot (Standalone)

Particulars (Rs Cr)	Q3FY24	Q3FY23	YoY (%)	Q2FY24	QoQ (%)
Total Income	394.9	270.2	46.2%	420.8	-6.1%
EBITDA	122.7	54.9	123.5%	140.3	-12.6%
EBITDA Margin	31.1%	20.3%	1080 bps	33.4%	-230 bps
Profit Before Tax	103.8	38.8	167.5%	121.4	-14.5%
PBT Margin	26.3%	14.4%	1190 bps	28.9%	-260 bps
Profit After Tax	80.7	30.4	165.1%	89.1	-9.4%
PAT Margin	20.4%	11.3%	910 bps	21.2%	-80 bps
EPS (Rs.)	62.9	23.7	165.1%	69.4	-9.4%

## 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

## 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

## 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

## Community

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



# Glossary

Term	Description
<b>Active Pharmaceutical Ingredient (API)</b>	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
<b>Biologic</b>	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.
<b>Commercial molecules</b>	Molecules where Neuland is manufacturing for commercial use after the product has been approved
<b>Custom Manufacturing Solutions (CMS)/ Contract Development and Manufacturing Organization (CDMO)</b>	Develop and manufacture pharmaceutical ingredients and intermediates in line with customer expectations.
<b>Development Molecules</b>	Projects where Phase-3 is over, and molecules have been filed but not yet commercial.
<b>DMF</b>	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
<b>GDS</b>	Generic Drug Substance (GDS) segment which includes Prime products and Specialty products
<b>International Council for Harmonisation (ICH) Guidelines</b>	Harmonisation project involving regulatory authorities and pharmaceutical industry to improve efficiency of new drug development and registration processes
<b>New Chemical Entity (NCE)</b>	NCE is granted to “a drug that contains no active moiety that has been approved by FDA in any other application”
<b>Peptides</b>	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
<b>Pipeline drugs</b>	Drugs (small or large molecule) under development by a manufacturer
<b>Prime APIs</b>	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.
<b>Specialty/ Niche APIs</b>	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
<b>Preclinical study</b>	Preclinical studies take place in animals before any testing in humans is done.
<b>Phase I clinical trial</b>	Researchers test an experimental drug or treatment in a small group of people for the first time.
<b>Phase II clinical trial</b>	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.
<b>Phase III clinical trial</b>	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.
<b>Small molecule products</b>	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
<b>USFDA</b>	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



Over 4 decades, 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 966+ Regulatory filings in the US (66 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.



#### **For further information contact**

##### **IR Desk**

Neuland Labs

Contact: +91 40 6761 1600

Email: [mir@Neulandlabs.com](mailto:mir@Neulandlabs.com)

##### **Ravi Udeshi**

EY IR

Contact: +91 22 6192 2000

Email: [Ravi.udeshi@in.ey.com](mailto:Ravi.udeshi@in.ey.com)