



Investor Presentation

Q3FY20

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

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Business Overview

Company Overview



Legacy

35+ 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

846+ 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



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 Specialty
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

Speciality 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
- File 2-4 products each year for commercial scale up
- 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

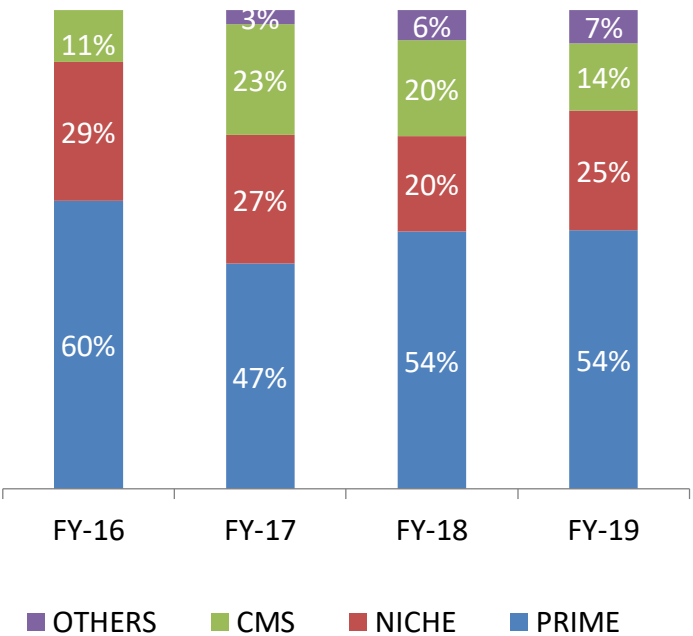
Strategy Forward

- Add depth in technical capabilities
- 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

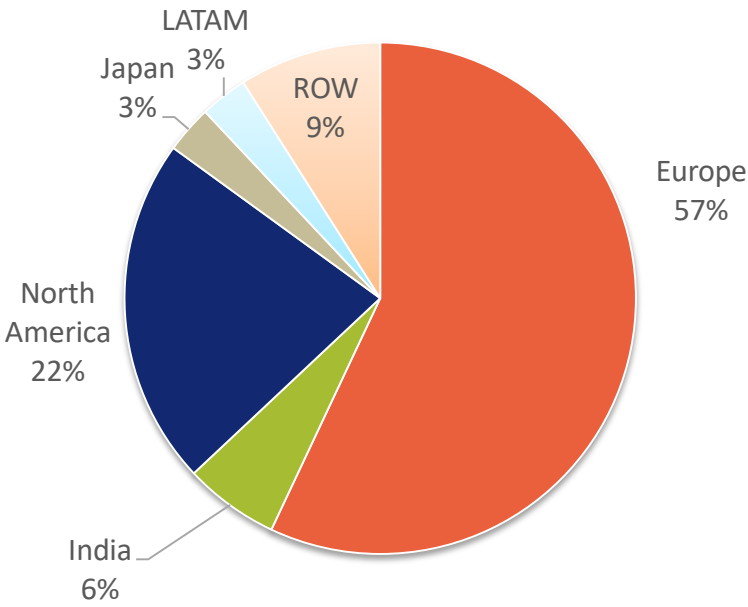
Create a sustainable CMS business that is driven by technology and strong customer relationships

Business Mix

Revenue by Verticals



Revenue by end territory





Capabilities

Neuland Manufacturing Facilities

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	Products including Key Intermediates
Regulatory	USFDA, EDQM, CFDA, PMDA, et. al	USFDA, EDQM, PMDA, ANVISA, et. al	Inspected by USFDA in 2015

Adding capacities for backward integration and new business

One state of art R&D centre

R&D Facility, Hyderabad



Location	■ Bonthapally
Area	■ 3382.5 sq mts
Year of Establishment	■ 2008
Expertise	■ ~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



54

DMFs with
USFDA



Health
Canada

30

Filings with
Health Canada



21

Japanese DMF
filed



18

China DMF filed



18

filings with
KFDA Korea



Australian Government
Department of Health
Therapeutic Goods Administration

18

filings with TGA



213

ROW filings
including Turkey,
Mexico, Brazil etc

~453

EUDMF filings
across Germany,
France, Poland,
Italy etc



21

CEPs Received
for different
products

846+

Filings till date



Financials

Standalone Financial Performance

Standalone Q3FY20 (Y/Y)

- Total Revenue was Rs. 2,046.4 mn as compared to Rs. 1,718.7 mn, reflecting an increase of 19.1%
- EBITDA stood at Rs. 290.8 mn as compared to Rs. 162.5 mn
- EBITDA Margin at 14.2% for Q3FY20 as against 9.5%
- Net profit stood at Rs. 110.4 mn for Q3FY20 as compared to Rs. 46.0 mn
- Basic EPS stood at Rs. 8.61 as against Rs. 3.59

Standalone Q3FY20 (Q/Q)

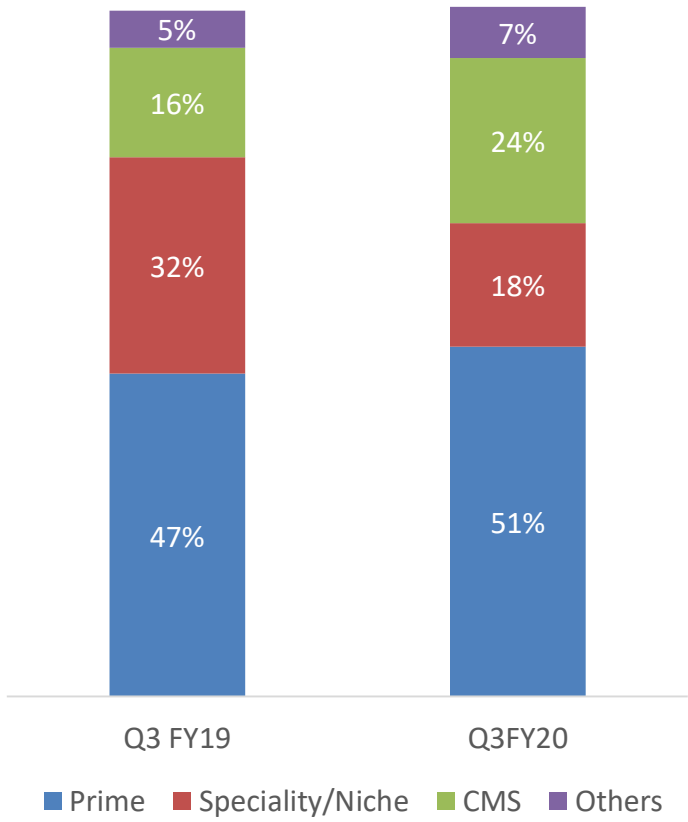
- Total Revenue was Rs. 2,046.4 mn as compared to Rs. 1,867.9 mn
- EBITDA stood at Rs. 290.8 mn as compared to Rs. 254.0 mn
- EBITDA Margin at 14.2% for Q3FY20 as against 13.6%
- Net profit stood at Rs. 110.4 mn for Q3 FY20 as compared to Rs. 85.7 mn
- Basic EPS stood at Rs. 8.61 as against Rs. 6.68

Standalone 9MFY20 (Y/Y)

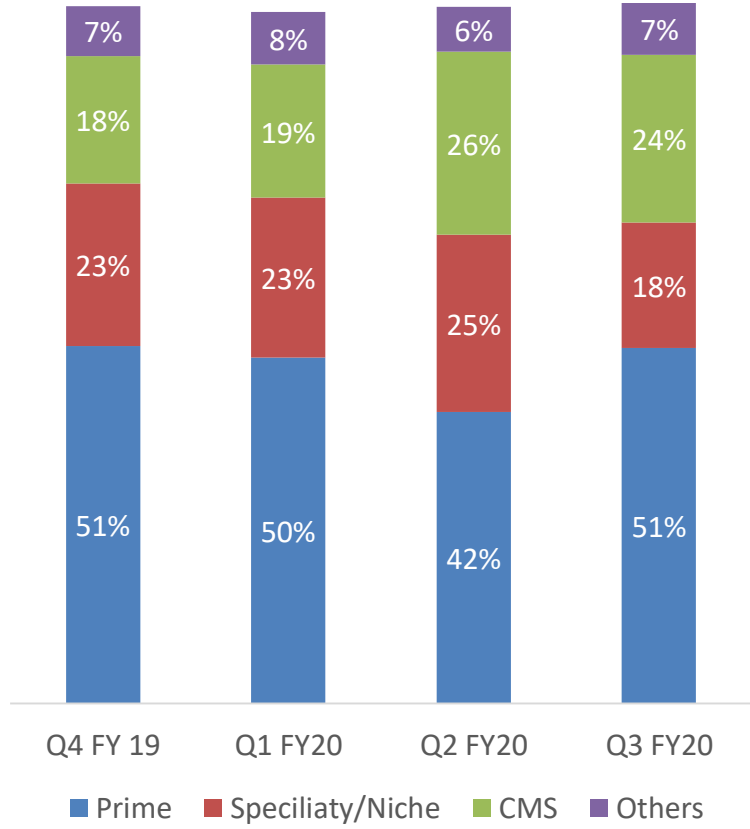
- Total income was Rs. 5,729.5 mn as compared to Rs. 4,963.3 mn, an increase of 15.4%
- EBITDA stood at Rs. 735.7 mn as compared to Rs. 416.3 mn, up by 76.7%
- EBITDA Margin at 12.8% for 9MFY20 as against 8.4%
- Net profit stood at Rs. 252.3 mn for 9MFY20 as compared to Rs. 94.1 mn, an increase of 168.0%
- Basic EPS stood at Rs. 19.67 as against Rs. 7.53, an increase of 161.2%

Key Operating Metric

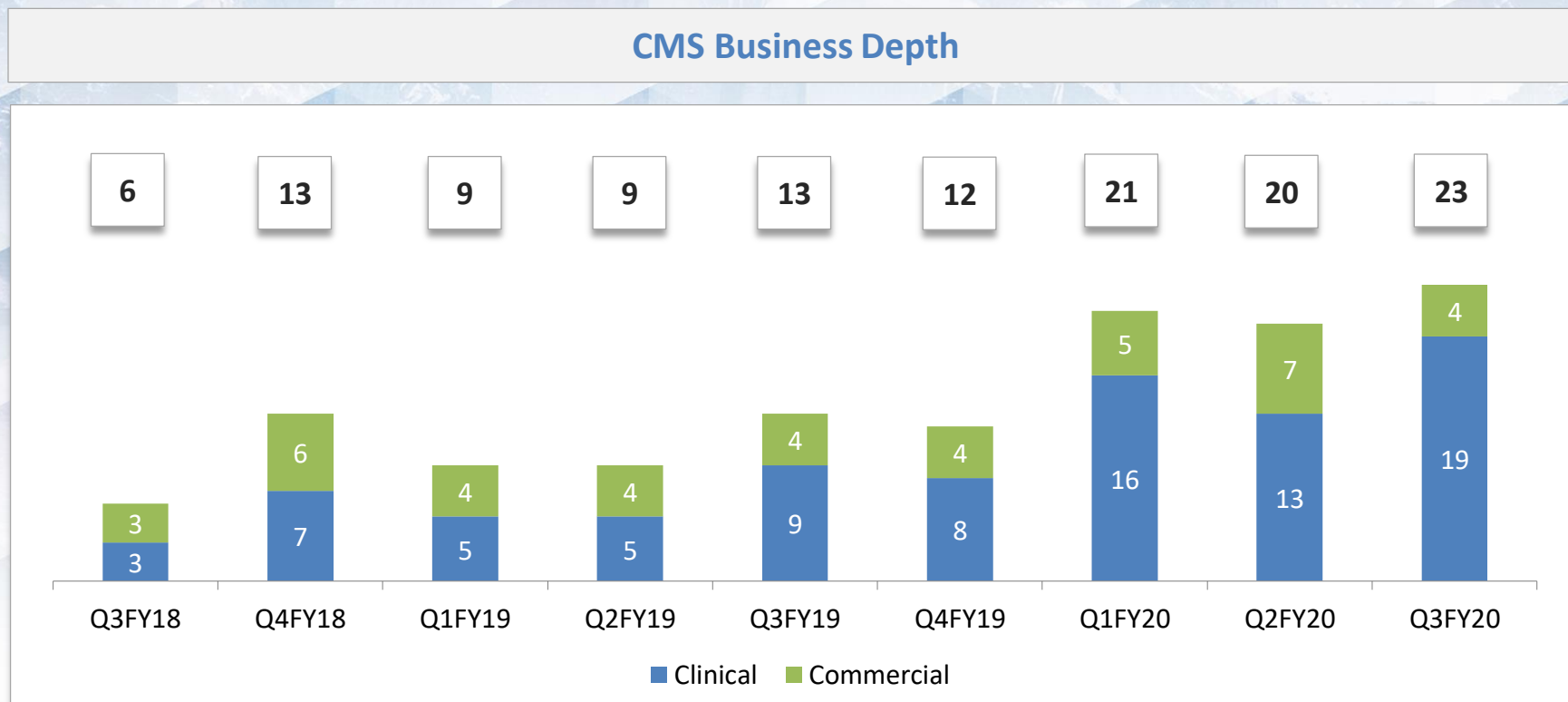
YoY Analysis



Quarter on Quarter Movement



Key Operating Metric



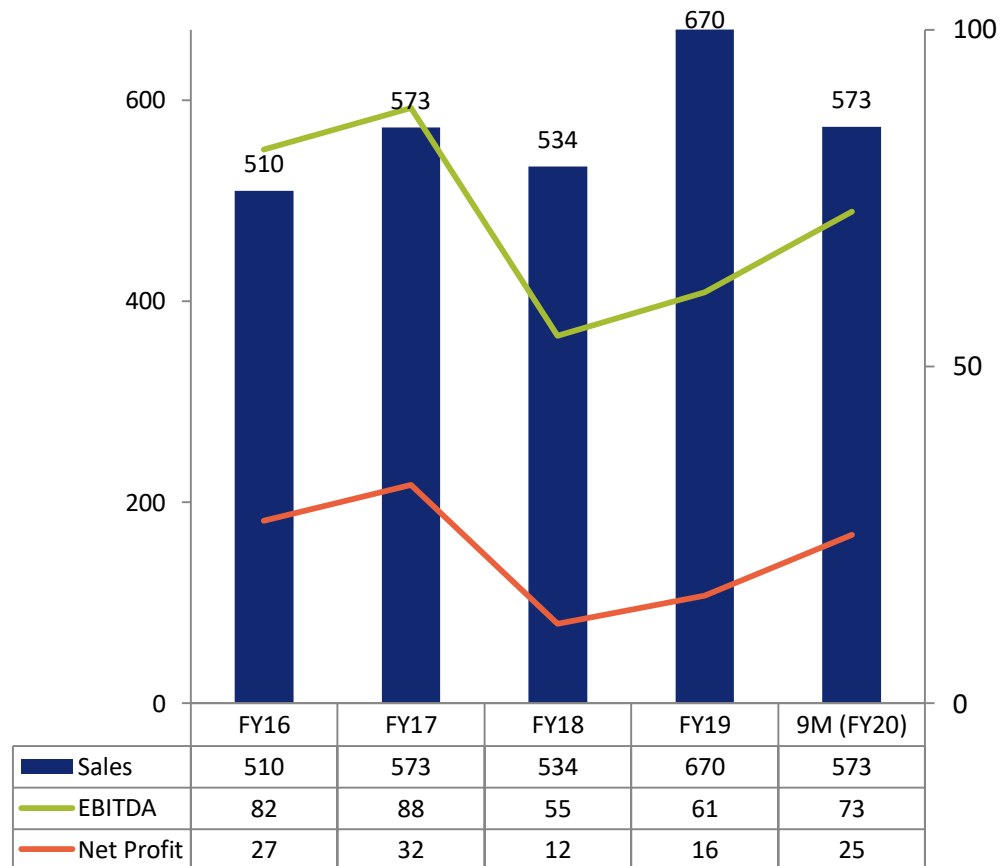
*- Quantities taken for validation and launch are considered as Commercial

No of CMS active projects increasing

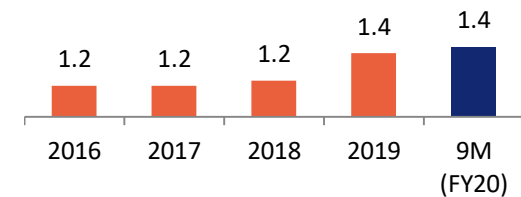
Q3 FY20	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	12	4	4	5	9	6	40
Intermediate	7	3	2	5	8	9	34
Grand Total	19	7	6	10	17	15	74
Q2 FY20	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	11	4	6	6	4	6	37
Intermediate	1	3	1	5	11	10	31
Grand Total	12	7	7	11	15	16	68
Q1 FY20	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

Historical Financials

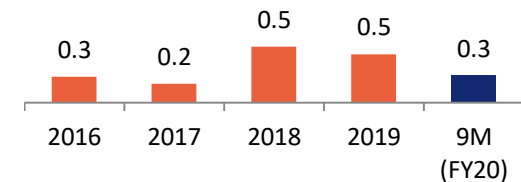
Financial Performance (INR Cr)



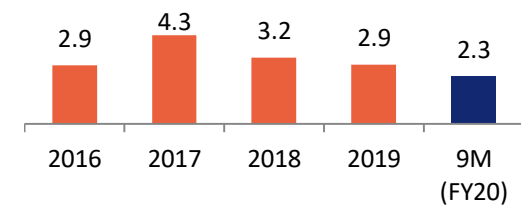
Current Ratio (x)



Debt to Equity (x)



Fixed Asset Turnover (x)





Future Strategy

Growth Strategy for Business

Business

Extend capabilities to organically build a sustainable GDS and CMS business



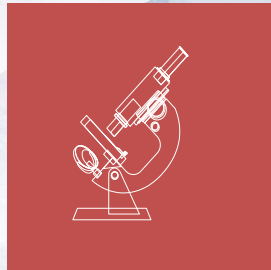
Scale

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



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